

STAFF REPORT



TO Infrastructure, Development and Enterprise Committee

SERVICE AREA Infrastructure, Development and Enterprise

DATE December 8, 2015

SUBJECT Affordable Housing Strategy: Draft Directions Report

REPORT NUMBER 15-101

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To present the Draft Directions Report, identify affordable housing tools, describe current City of Guelph and other municipalities' practices, and present potential draft directions to address the issues identified in the State of Housing Report. The community will be engaged on the potential draft directions prior to recommending responses in the Draft Affordable Housing Strategy.

KEY FINDINGS

This report and the Draft Directions Report (Attachment 1 and 2) present municipal affordable housing tools, current responses, and potential draft directions to address the City's affordable housing issues.

According to data presented in the State of Housing Report, the Guelph market has a sufficient supply of ownership housing but lacks a sufficient supply of smaller units (bachelor and one bedroom) to meet the needs of smaller households including one person households and couples without children. The overall supply of rental housing is insufficient and the security of the secondary rental market is of concern.

Municipalities have a variety of tools available to them to address affordable housing issues. The tools fall into the following five categories:

1. Regulatory
2. Policies and Procedures
3. Financial
4. Partnerships
5. Advocacy

The City is already using a number of these tools with good success that support affordable housing within the City. The City's accessory apartment regulations have created, on average, approximately 120 registered accessory apartments each year since 1995. These units provide both affordable home ownership and secondary rental options and tend to have lower rental rates than other types of

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rental units. In addition accessory apartments provide housing for smaller households given the current two bedroom size limit.

Following a review of previous City affordable housing reports and the practices of other municipalities, 24 potential draft directions have been formulated using available municipal tools including:

1. Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular small units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations.
2. Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City.
3. Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing.
4. Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units).
5. Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

On June 17, 2015 a Council Workshop on affordable housing was held to present the roles and responsibilities for affordable housing, the housing continuum (non-market and market housing), affordable housing research findings and issues and gauge Council perspectives on affordable housing.

Overall, Council members strongly agreed that municipalities should encourage private investment in affordable housing through planning, financial, regulatory and other tools. They agreed that solving the challenges with affordable housing requires new and innovative solutions that may involve a degree of risk, that municipalities have a role in leveraging investments from other orders of government and that municipalities should advocate together with a shared agenda aimed at other levels of government to increase investment in affordable housing.

FINANCIAL IMPLICATIONS

The development of the Affordable Housing Strategy is funded through approved capital funding.

ACTION REQUIRED

To receive the Affordable Housing Strategy: Draft Directions Report and use it as the basis for community engagement to further develop the draft directions.

RECOMMENDATION

1. That Report 15-101 from Infrastructure, Development and Enterprise (IDE) regarding the Affordable Housing Strategy: Draft Directions Report dated December 8, 2015 be received.
2. That Council supports the use of the Draft Directions Report set-out in IDE Report No. 15-101 as the basis for community engagement to further develop actions for inclusion in the draft Affordable Housing Strategy.

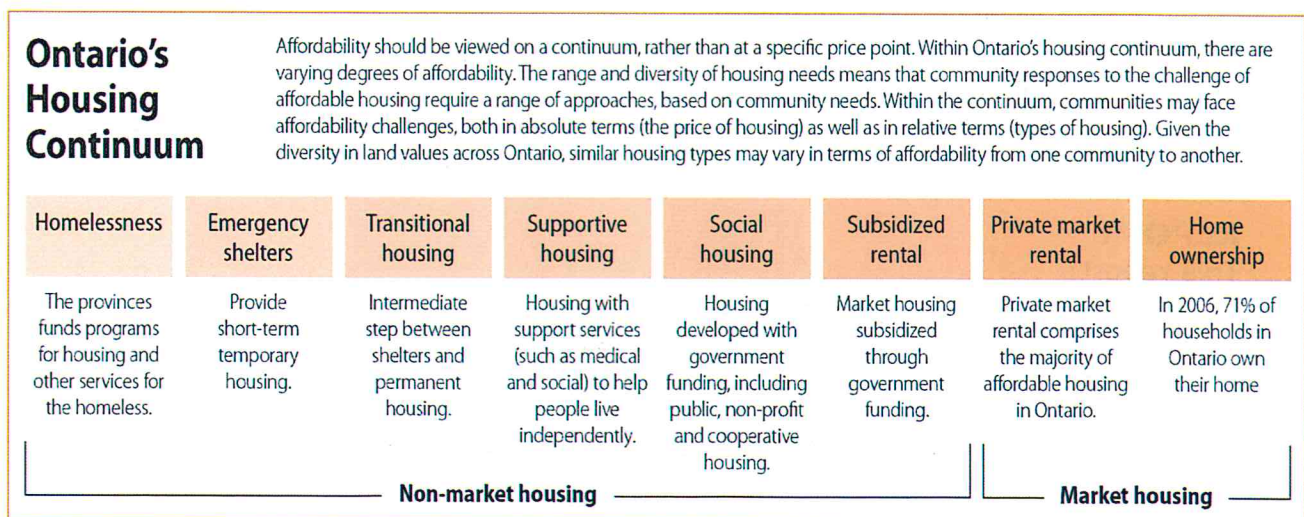
BACKGROUND

The Affordable Housing Strategy is intended to address municipal requirements under the Provincial Growth Plan and Provincial Policy Statement regarding planning for a range of housing types and densities by establishing and implementing minimum targets for the provision of affordable rental and ownership housing. The Strategy is intended to provide further clarity around affordability issues and advance the Official Plan policies by providing an implementation plan that addresses identified issues and achievement of the city-wide affordable housing target (30% of new development annually to be affordable) along with a mechanism to implement and monitor achievement of the target.

Affordable housing is viewed across a full continuum of housing which includes non-market housing (e.g. emergency shelters, social housing) and market housing (i.e. private market rental and home ownership) as shown in Figure 1.

Within the City of Guelph approximately 96% of the housing supply is market housing (65% ownership, 31% rental) leaving 4% as non-market housing. Within the private market rental housing supply, approximately 55% of rental units are within the primary rental market with 45% within the secondary rental market.

Figure 1:



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On April 7, 2014 PBEE Committee received Staff Report 14-15 Housing Strategy Background Report and Proposed Project Charter with Council subsequently approving the project charter (See link <http://guelph.ca/city-hall/planning-building-zoning/community-design/housing/>). The approved project charter scoped the City of Guelph Housing Strategy to focus on affordable market housing. This approach recognizes the continued lead role of the County of Wellington as the Service Manager in administering social housing and income programs, and implementing the Housing and Homelessness Plan. The scope also recognizes the City's land use planning role, policy drivers, responsibilities and tools available to the City. The Background Report provides a general overview of the housing continuum; definition of affordable housing; summary of various government roles, responsibilities and relationships; background policy documents; past studies and reports; and City funding initiatives.

On October 6, 2015 IDE Committee was presented Staff Report 15-37 State of Housing Report (See link <http://guelph.ca/city-hall/planning-building-zoning/community-design/housing/>). The State of Housing Report, presented a demographic and statistical analysis of households in Guelph to identify and understand affordable housing issues affecting rental and ownership market housing in the City of Guelph.

The State of Housing Report identified the following problem statement for the City's affordable housing issues:

The range of housing options available in Guelph is not fully meeting the affordability needs of low and moderate income households.

The following three (3) issues emerged out of the data analysis and provide scope for the Draft Directions Report:

1. There are not enough small units to rent or buy to meet the affordability needs of all smaller households.
2. A lack of available primary rental supply makes it difficult for people to find affordable rental housing.
3. The secondary rental market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

REPORT

This report:

- 1) provides the Draft Directions Report including:
 - municipal tools for affordable housing;
 - current City of Guelph responses and results;
 - other municipal responses;
 - potential draft directions to address Guelph's affordable housing issues;and

- 2) outlines next steps in the work plan to complete the Strategy which includes a community engagement process.

Draft Directions Report

The Draft Directions Report (Attachment 1 and 2) begins by presenting tools available to municipalities to help address affordable housing issues using the “Municipal Tools for Affordable Housing” handbook produced by the Ministry of Municipal Affairs and Housing in Summer 2011, as a guide (See Attachment 3). The report illustrates the tools with examples from the City of Guelph and other municipalities within the Province of Ontario. Establishing a good understanding of the tools available helps support an informed discussion, with community stakeholders, on how the tools could be used to address the affordable housing issues identified in Guelph.

The City’s current practices were reviewed next to identify existing successes and areas that could benefit from further investigation. In addition responses by other municipalities were reviewed with a focus on comparator municipalities. Within the Province of Ontario, the City of Barrie serves as the best comparator given its single tier status (not part of a regional municipality), population size, presence of a post-secondary institution, it is not the Service Manager for social housing and it is included on Guelph Council’s approved list of comparator municipalities. However, unlike the City of Guelph, Barrie has its own municipal non-profit housing corporation through which the municipality is involved in the development and operation of affordable and/or social housing. Other municipalities were reviewed in part due to their recent work on affordable housing including Hamilton, London, Kingston, Ottawa, Durham Region and York Region.

The potential draft directions outlined in this report and Table 1: Summary of Affordable Housing Tools were identified by looking at how the tools and practices of other municipalities could be used to address each of the three affordable housing issues identified in Guelph (i.e. need for smaller units, lack of primary rental supply, and security of the secondary rental market). In addition previous affordable housing report recommendations for the City of Guelph were reviewed to identify directions that remain relevant to the City’s current affordable housing issues. Feedback received from a Council Workshop on affordable housing held on June 17, 2015 was also reviewed.

Each potential draft direction was assessed in terms of criteria related to its potential to address the identified issues. The assessment resulted in a high, medium or low assessment of potential being assigned to each direction to identify directions with the most promise for results. The assessment criteria are based on the degree of city control, impact on the three affordable housing issues and ease of implementation. Table 1 from the Draft Directions Report, included as Attachment 2 provides a summary of affordable housing tools and directions. Many of the directions are intertwined and suggest an order of implementation while others are independent of other potential responses.

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Municipal Tools for Affordable Housing

Municipalities have a variety of tools available to them to address affordable housing issues. The tools fall into the following five categories:

1. Regulatory
2. Policies and Procedures
3. Financial
4. Partnerships
5. Advocacy

Regulatory responses include Municipal Act, Planning Act and Development Charges Act responses. Policies and procedures include complete application requirements, height and density bonusing procedures, and the potential use of municipal lands. Financial responses include funding programs, financial incentives and funding reserves. Partnership responses include working with other stakeholders on producing resource documents, communications materials and potential demonstration projects. Advocacy work revolves around inclusionary zoning, which would allow a municipality to require development applications to include affordable housing units, and corporate strategies dealing with increasing senior government investments and strategies.

Current City of Guelph Responses and Results

The City has a number of tools in place that assist with the provision of affordable housing. For example, in 1998 the City instigated a "New Multi-residential" property tax class for newly constructed multi-residential buildings (seven or more apartment units under single ownership, i.e. rental apartments) that was equal to the "Residential" property class to help stimulate the development of multi-residential housing that can be a form of affordable housing. The "New Multi-residential" property tax class applied for a period of eight years, from the date of occupancy, after which time the property would be subject to the higher multi-residential property tax rate. In 2002, the "New Multi-residential" property tax class was extended to apply for a period of 35 years for any developments that occurred since 1998. The "New Multi-residential" property tax rate (approximately 1.03% in 2015) is less than half of the rate set for "Multi-residential" properties (approximately 2.1% in 2015). As noted in Table 1 since the inception of the new multi-residential property tax class in 1998, 302 rental units have been created with the largest percentage of known unit sizes being one bedroom.

The City has been viewed as a best practice for its accessory apartment regulations which have created, on average, 117 registered accessory apartments each year since 1995. As of December 31, 2013 a total of 2,123 accessory apartments were registered. These units provide both affordable home ownership and secondary rental options. The accessory apartments tend to have lower rental rates than other types of rental units and tend to service smaller household sizes given the current two bedroom size limit. However, based on a survey of registered accessory apartments conducted during November-December 2014, 25% of accessory apartments are not currently being rented.

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The Affordable Housing Reserve created in 2002 has provided approximately \$1.3 million in funding for a full range of housing including emergency housing (e.g. Wyndham House), non-profit social housing (e.g. Guelph Non-Profit Housing) and ownership housing (e.g. Habitat for Humanity). The funding has supported the creation of 16 emergency shelter units, nine transitional housing units, 84 rental units and 196 ownership housing units, each project having its own agreement and unique funding levels.

The City of Guelph chose not to incorporate affordable/social housing exemptions and/or charges into its 2014 Development Charges By-law. At the time the City did not have a contemporary policy to guide its potential involvement in financially incenting or otherwise supporting the construction of affordable housing. In addition the City is not the Service Manager for social housing and there is no plan in place to develop social housing. The Development Charges Act requires proven "intent" for all projects included in development charges.

The City has used Community Improvement Plans (CIP) to support Downtown and Brownfield redevelopment but not specifically to address affordable housing needs. A CIP would allow the municipality to develop financial incentives to address identified needs, broadening the use of City financial reserves, including tax increment financing.

Other Municipal Responses

A number of municipalities across the Province of Ontario are also developing responses to their affordable housing needs. In particular, the need for additional primary rental housing supply is a common issue amongst municipalities along with developing regulations for accessory apartments, a common form of secondary rental housing.

The cities of Barrie, Hamilton and Ottawa and the Regions of Peel and York have development charges by-laws that provide residential exemptions based on specific criteria. For example in Barrie residential uses within the City Centre Planning Area are subject to a 25% discount of the development charges applicable to the development. In Hamilton exemptions are provided for residential intensification (e.g. addition of two units to a single detached unit), redevelopment (e.g. conversion of single detached unit into a rooming house), affordable housing (e.g. in receipt of senior government or CityHousingHamilton funding) and student residences (50% exemption if built by accredited post-secondary institution or accredited private secondary school). In addition Halton Region has added social housing as a General Service under their development charges by-law which allows them to collect funding for the future provision of social housing.

The City of Oshawa has adopted a Community Improvement Plan to encourage the development of apartments and block townhouses in the areas surrounding their post-secondary educational institutions while Hamilton is targeting downtown

reinvestment in a Community Improvement Plan by providing interest free loans for projects that are predominately residential.

Many municipalities have supported advocacy efforts around the establishment of a National Housing Strategy, new regulatory tools, such as inclusionary zoning, and secure, on-going funding for the development and operation of affordable housing from senior levels of government.

Potential Draft Directions to Address Guelph's Housing Issues

The Draft Directions Report (Attachment 1 and 2) presents a number of potential draft directions to address the three affordable housing issues identified in the State of Housing Report. The directions build on the City's successes and the approaches used by other municipalities. The potential draft directions include recommendations from previous reports including the 2002 Affordable Housing Action Plan, 2005 Wellington and Guelph Housing Strategy, 2009 Affordable Housing Discussion Paper and Housing and Homelessness Plan for Guelph Wellington (2013) that remain relevant to Guelph's current affordable housing issues. In addition feedback received from the July 17, 2015 Council Workshop are included in the potential draft directions.

Each potential draft direction has been assessed based on the degree of city control, impact on the three affordable housing issues and ease of implementation. The assessment resulted in a high, medium or low assessment of potential being assigned to each direction to identify those with the most promise for results. Interdependencies between directions were identified since some directions are dependent on others suggesting an order of implementation while others are independent of other potential responses.

City staff conducted an initial review of the directions outlined in Attachment 1 and 2 which identified the following that showed promise for results:

Regulatory:

- Increase the City's affordable rental housing target by modifying the tenure split of the 30% affordable housing target included in the City's Official Plan.
- Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular small units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations.
- Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan.

Policy and Procedures:

- Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City.

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Financial:

- Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing.

Partnerships:

- Research innovative housing with partners to create a resource document that could be used with other tools and support the development of affordable housing e.g. pocket housing.
- Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units).
- Work with the County as Service Manager and housing providers to identify the potential to intensify existing social housing properties and assist with implementation where appropriate.

Advocacy:

- Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

Council Workshop

A Council Workshop on affordable housing was held on June 17, 2015 to present the roles and responsibilities for affordable housing, the housing continuum (non-market and market housing), affordable housing research findings and issues. During the workshop Council perspectives on affordable housing were gauged and input on the Province's Long-Term Affordable Housing Strategy Update was received.

Overall, Council members strongly agreed that municipalities should encourage private investment in affordable housing through planning, financial, regulatory and other tools. They agreed that solving the challenges with affordable housing requires new and innovative solutions that may involve a degree of risk, which municipalities have a role in leveraging investments from other orders of government and that municipalities should advocate together with a shared agenda aimed at other levels of government to increase investment in affordable housing. There was also strong agreement that if municipalities had the legislative authority to require developers to build affordable housing (i.e. inclusionary zoning) they should use that authority to require a certain amount of affordable housing in new developments.

Next Steps

Following the release of the Draft Directions Report, key stakeholders will be consulted on the potential draft directions and how the directions could address the City's identified affordable housing issues. The targeted discussions with key stakeholders will help refine the directions and options to be presented to the broader public.

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The broader community engagement will be undertaken to inform the public about the data, issues and tools available to address the issues. The public's level of support for the potential draft directions and priorities will also be solicited.

The Draft Affordable Housing Strategy will incorporate findings from the Background Report, State of Housing Report, Draft Directions Report and outcome of the key stakeholder and public engagement processes. The final Affordable Housing Strategy is scheduled for completion in Q2 2016.

CORPORATE STRATEGIC PLAN:

2.2 Innovation in Local Government - Deliver public services better.

3.1 City Building - Ensure a well-designed, safe, inclusive, appealing and sustainable City.

FINANCIAL IMPLICATIONS:

Council approved funding in the capital budget for completion of the Housing Strategy. The budget has been used for data acquisition and analysis, including a survey of registered accessory apartments. Funds remain for the implementation of a community engagement process.

DEPARTMENTAL CONSULTATION:

The Draft Directions Report was developed with the assistance of a cross departmental team with representatives from Planning, Urban Design and Building Services; and Culture, Tourism and Community Investments. Intergovernmental Relations, Policy and Open Government; Communications and Customer Service; Business Development and Enterprise; Legal and Finance staff were consulted on specific directions as required.

COMMUNICATIONS:

A Community Engagement Plan has been developed in coordination with Community Engagement and Communications staff. The public will be consulted throughout this process in accordance with the Community Engagement Plan.

ATTACHMENTS

- *Attachment 1 Draft Directions Report
- Attachment 2 Table 1: Summary of Affordable Housing Tools
- Attachment 3 Municipal Tools for Affordable Housing

* Attachment 1, 2 and 3 are available on the City of Guelph website at <http://guelph.ca/city-hall/planning-building-zoning/community-design/housing/>). Click on the link for the December 8, 2015 Affordable Housing Strategy: Draft Directions Report (with attachments).

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Affordable Housing Strategy: Draft Directions Report

Prepared by
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(December 2015)

Affordable Housing Strategy: Draft Directions Report

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1 Introduction

The draft directions presented in this report are meant to address the affordable housing problem statement and issues that emerged from the data analysis and community engagement work presented in the State of Housing Report (October 2015).

The purpose of this report is to first present municipal tools for affordable housing along with City current practices and what other municipalities are doing. Establishing a good understanding of the tools helps determine additional actions the City of Guelph could explore that other comparable municipalities are exploring and/or implementing. Building on this knowledge, the report then looks at how the tools available to the City of Guelph might be used to respond to the issues in light of the roles and responsibilities amongst various government agencies as identified in the Background Report. This report, including the municipal tools and draft directions, will be used to consult with community stakeholders to ensure the draft directions represent a comprehensive response to the issues, recognizing the tools available to the City of Guelph. The public's level of support for the potential draft directions will also be solicited.

The State of Housing Report identified the following problem statement that encompasses the City's affordable housing issues:

The range of housing options available in Guelph is not fully meeting the affordability needs of low and moderate income households.

The following three issues emerged out of the data analysis and were supported by the community engagement work completed for the State of Housing Report:

Issue 1: There are not enough small units to rent or buy to meet the affordability needs of all smaller households.

Issue 2: A lack of available primary rental supply makes it difficult for people to find affordable rental housing.

Issue 3: The secondary rental market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

Small units are generally bachelor and one bedroom units that would be suitable for a one person household or couple (no children).

2 Approach

The Draft Directions Report presents tools available to municipalities to help address affordable housing issues using the "Municipal Tools for Affordable

Housing” handbook produced by the Ministry of Municipal Affairs and Housing in Summer 2011, as a guide. The tools are illustrated with examples from the City of Guelph and other municipalities within the Province of Ontario.

The City’s current practices were reviewed next to identify existing successes and areas that could benefit from further investigation. In addition strategies and tools of other municipalities were reviewed with a focus on comparator municipalities. Within the Province of Ontario, the City of Barrie serves as a good comparator given its single tier status (not part of a regional municipality), population size, presence of a post-secondary institution, it is not the Service Manager for social housing and inclusion on Guelph Council’s approved list of comparator municipalities. However, unlike the City of Guelph, Barrie has its own municipal non-profit housing corporation through which the municipality is involved in the development and operation of affordable and/or social housing. Other municipalities were reviewed in part due to their recent work on affordable housing strategies including Hamilton, London, Kingston, Ottawa, Durham Region and York Region.

The potential draft directions outlined in this report and Table 1: Summary of Affordable Housing Tools were identified by looking at how the tools and practices of other municipalities could be used to address each of the three affordable housing issues identified in Guelph (i.e. need for smaller units, lack of primary rental supply, and security of the secondary rental market). In addition previous affordable housing report recommendations for the City of Guelph were reviewed to identify directions that remain relevant to the City’s current affordable housing issues. Feedback received from a Council Workshop on affordable housing held on June 17, 2015 was also reviewed. Each proposed draft direction was also assessed in terms of criteria related to its potential to address the identified issues and assigned to one of the following three categories:

1. High;
2. Medium; and
3. Low.

The assessment criteria are based on the degree of city control, impact on the three affordable housing issues and ease of implementation.

High potential items are directions where the City has control (focus on private market housing and land use planning), can be expected to show a significant impact in terms of outcomes on the issues and is relatively easy to implement (already in budget, workplan, etc.)

Medium potential items are directions where the City has control, impact on issues is anticipated and implementation is reasonable. The directions show promise since they have a level of support (e.g. included in City documents – Official Plan, previous housing study, Council Workshop on affordable housing).

Low potential items are directions where the City does not have direct control, impact on the issues in terms of outcomes is minimal or requires further review, and implementation is complex or requires further review since there is not much

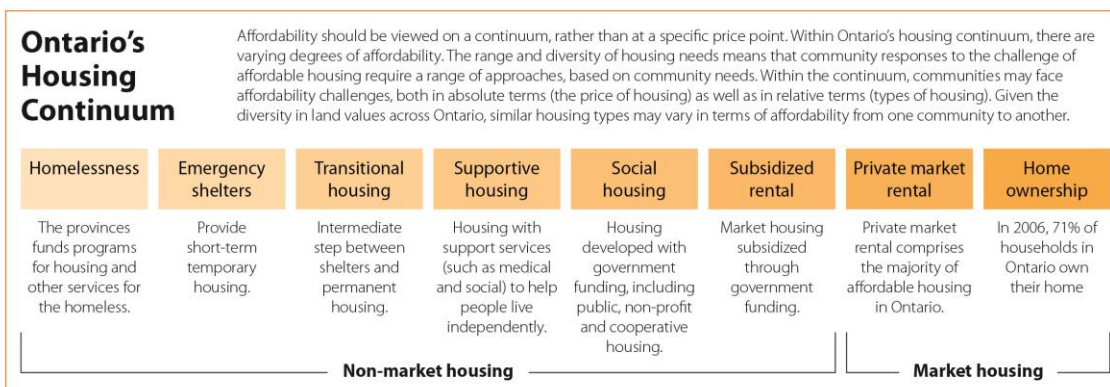
information available on success of outcomes. In addition directions may require enabling legislation and/or multiple partners.

3 Municipal Tools to Address Affordable Housing Issues

The City of Guelph is committed to promoting an appropriate range of housing types and densities, including affordable housing, to maintain and enhance a healthy and complete community. Affordable housing is viewed across a full continuum of housing which includes non-market housing (e.g. social housing) and market housing (i.e. private market rental and home ownership).

Figure 1 presents a housing continuum with homelessness at one end of the spectrum and home ownership at the other end.

Figure 1- The Affordable Housing Continuum



source: MMAH, Municipal tools for affordable housing, summer 2011

The scope of the City of Guelph's Affordable Housing Strategy is market housing and therefore the City's responsibility and tools are directed to market housing. This approach recognizes the continued lead role of the County of Wellington as the Service Manager in administering social housing and income programs and implementing the Housing and Homelessness Plan, along with the need to coordinate our efforts with the County to ensure that complementary and value-added strategies are developed. It is important that all stakeholders work together to address the entire housing continuum, recognizing the roles, responsibilities and tools available to each stakeholder.

Many of the tools and directions presented in this report are non-financial in nature recognizing the funding already provided by the City to the County of Wellington as the Service Manager. In 2015 the City budgeted \$17,116,000 which is transferred to the County for non-market housing representing approximately 60% of the total budget for social housing and homelessness services provided by the County as Service Manager. The federal and provincial governments and the County of Wellington funded approximately 40% of the total budgeted cost of \$29,182,202.

The City has a range of tools and local experience to draw upon to help address the community's issues with respect to affordable housing. The tools presented in this

report, in part, are based on a guide produced by the Ministry of Municipal Affairs and Housing entitled “Municipal Tools for Affordable Housing”. The tools fall into the following five categories:

1. Regulatory
2. Policies and Procedures
3. Financial
4. Partnerships
5. Advocacy

The following section of this report outlines the City’s current use of these tools along with a review of the work of other municipalities with consideration for what approaches might work for Guelph in addressing the City’s identified affordable housing issues.

3.1 Regulatory Responses

3.1.1 Municipal Act

The Municipal Act, 2001 governs the structure, responsibilities and powers of municipalities in Ontario and allows them to pass by-laws relating to a wide range of activities. Municipal Act approaches that could facilitate affordable housing include:

- control over the demolition and conversion of residential rental properties;
- provision of grants;
- establishment of a Municipal Service Corporation (MSC); and
- use of municipal capital facilities agreements.

In addition, under the Municipal Act, municipalities levy tax rates on property classes and can set a separate tax rate for new development. Having a lower tax rate on the property class for multi-residential properties and/or establishing a low “new multi-residential property class” can help stimulate the development of affordable housing.

The Municipal Act allows a municipality, subject to certain limits, to provide grants for purposes council considers to be in the interests of the community. Municipalities may also establish a Municipal Services Corporation (MSC) to deliver certain types of services in a manner that addresses related legal or practical issues, such as financing or bonusing. Municipal capital facilities agreements could be used to create relationships with other parties, including Municipal Service Corporations and not-for-profit organizations, to deliver municipal facilities (e.g. housing project facilities, recreation or parking facilities). However, the designation of a municipal housing project facility as a municipal capital facility may only be done by a municipality that is a service manager under the Housing Services Act, 2011, which the City is not.

City of Guelph

The Guelph Municipal Holding Incorporated (GMHI) operates as a municipal service corporation under the Municipal Act. The development corporation:

- 1) provides a corporate structure to transfer and incubate City-owned assets (both physical and knowledge based) to achieve the desired returns;
- 2) allows the City to pursue investors to stimulate the development of City-owned assets; and
- 3) creates synergies between City-owned assets under the governance of GMHI.

The types of assets that could be managed by GMHI include:

- *Underperforming assets* – Current lands or facilities owned by the City that have potential to generate a higher level of revenue.
- *Stranded assets* – Abandoned Brownfield properties that are owned by the City.
- *Leveraged Assets* – Greenfield and In-fill properties that are owned by the City.
- *Community Planned Assets* – Assets that will address the community's planned growth.

The community planned assets could include affordable housing facilities which would provide a mechanism for the City of Guelph to develop and/or operate affordable housing.

In 1998, the City established a "New Multi-residential" property tax class for newly constructed multi-residential buildings (seven or more apartment units under single ownership, i.e. rental apartments) that was equal to the "Residential" property tax class to help stimulate the development of multi-residential housing which can be a form of affordable housing. The "New Multi-residential" property tax class applied for a period of eight years, from the date of occupancy, after which time the property would be subject to the higher multi-residential property tax rate. In 2002, the "New Multi-residential" property tax class was extended to apply for a period of 35 years for any developments that occurred since 1998. The "New Multi-residential" property tax rate (approximately 1.03% in 2015) is less than half of the rate set for "Multi-residential" properties (approximately 2.1% in 2015). As noted in Table 1 since the inception of the new multi-residential property tax class in 1998, the largest percentage of known multi-residential unit sizes created were one bedroom units.

Other Municipalities

The City of London, which is the Service Manager for the City and surrounding municipalities, is in the process of establishing a municipal service corporation to develop and acquire new housing units. The corporation may also revitalize existing social housing and create new mixed-use and mixed-rent neighbourhoods. The City of Kingston is reviewing its municipal capital facility by-law to expand incentives and tools that can be offered in a targeted manner. The City of Barrie has eliminated the difference between multi-residential and residential property tax rates. In 2014 the rate was approximately 1.31%.

3.1.2 Planning Act

The Planning Act governs land use planning and development in Ontario and provides a range of tools for municipalities to use including but not limited to Official Plans, zoning by-laws, community improvement plans, and land division (e.g. subdivision plans). Land use planning approaches that could facilitate affordable housing include the use of:

- minimum and maximum development standards;
- reduction in parkland dedication or cash-in-lieu;
- reduction or exemption from parking requirements;
- demolition control areas;
- Community Improvement Plans;
- land division (subdivision);
- accessory apartments and garden suites;
- height and density bonusing;
- development permit systems; and
- waiving or reduction of application fees.

City of Guelph

Currently the City supports a full range of housing types through its Official Plan policies and Zoning By-law. The City's adopted Official Plan (OPA 48) is the main policy document for the City that guides the type, form and location of growth in the City. The policies support a range of housing types and densities throughout the City through land use designations and intensification policies.

The Official Plan policies that could facilitate affordable housing include:

- ownership and rental affordable housing targets;
- establishment of alternative development standards which could include reduced parking requirements;
- demolition control and condominium conversion policies;
- support and assistance to the Service Manager in identifying and addressing affordable housing needs;
- feasibility assessment of a 'land banking' program;
- advocacy work;
- support for accessory apartments and garden suites; and
- provision of affordable housing as a community benefit in exchange for height and density bonusing.

Legislative restrictions do not permit the City to actually zone lands for a specific tenure, leaving the City to rely more on structure type than tenure in its regulations.

Other Municipalities

A number of municipalities have included specific targets for housing by density, structure type, affordability level, and/or tenure in their Official Plan. The City of Kingston has adopted housing form, tenure and affordability targets for new stock to be added over a ten year period. The City of Hamilton includes density and housing type targets in secondary plans. In the City of Ottawa, affordable housing

targets are incorporated into Community Design Plans for 'Developing Community' designated areas.

Municipalities are leveraging accessory apartments as a means of creating rental units and assisting with affordable home ownership. The approaches vary by the method and level of regulation (e.g. zoning by-law, licensing and certification) and level of financial assistance provided, if any. For instance the City of Barrie does not apply development charges to accessory apartments and financial assistance for the creation of accessory apartments is provided by the County of Simcoe, which is the Service Manager, through Ontario Renovates. The City of Kingston has a municipal fee program and an affordable housing grant for secondary suites that provide a forgivable loan to cover municipal application fees and development costs provided the units are rented to income qualified households.

The City of Oshawa adopted a Community Improvement Plan (CIP) in 2010 that encourages the development of apartments and block townhouses in the areas surrounding their educational institutions. To date, the CIP has facilitated the creation of over 400 rental dwelling units adding to the range of housing. Property owners can apply for a grant which phases in tax increases related to reassessments due to property improvements. The City of Barrie, Halton Region and York Region also support the use of Community Improvement Plans for affordable housing.

The use of height and density bonusing seems to be most effective in areas experiencing high growth pressures. The cities of Barrie and Kingston are pursuing the use of height and/or density bonusing for affordable housing in new developments. York Region supports local municipalities in using height and density bonusing for new social housing units and is looking into developing guidelines for accepting social housing units through the bonusing provisions of Section 37 of the Planning Act.

Some other approaches the City of Barrie uses include requiring the provision of land (lots and blocks) to assist the development of or creation of affordable housing in new subdivisions and lowering parking requirements to encourage multi-residential rental development.

3.1.3 Development Charges Act

The Development Charges Act allows municipalities to impose development charges on new development. The charges are meant to pay for capital costs associated with meeting the increased service needs of growth. A municipality can include a charge to cover costs of planned affordable/social housing. A development charge by-law can: include area specific rates; phase in charges to stimulate development; and/or exempt or reduce charges for types of development, including building forms that may offer affordable housing options such as new multi-residential development, residential intensification and redevelopment options.

City of Guelph

The City of Guelph's current Development Charges By-law came into effect on March 2, 2014. The by-law applies to the entire City and does not exempt or reduce charges for affordable/social housing unless it is developed by a level of government and/or post-secondary institution. However the City has provided grants to offset development charges with the use of funds from its Affordable Housing Reserve that is funded from transfers from the tax base.

The City of Guelph chose not to incorporate affordable/social housing exemptions and/or charges into its 2014 Development Charges By-law, leaving affordable housing projects to find support through other corporate programs such as grants and early/late payment agreements. At the time the City did not have a contemporary policy to guide its potential involvement in financially incenting or otherwise supporting the construction of affordable housing. Public submission requests to include affordable/social housing as a charge were declined since the City is not the Service Manager for social housing and there is no plan in place to develop social housing. The Development Charges Act requires proven "intent" for all projects included in development charges. In addition, the existence of a significant waiting list implies that new units would benefit the existing population and not new development.

The next review of the City's Development Charges By-law is scheduled to begin in 2017 and legislatively needs to be completed by March 2019.

Other Municipalities

The Cities of Barrie, Hamilton and Ottawa, and the Regions of Peel and York have development charges by-laws that provide exemptions based on specific criteria. Barrie has reduced rates for non-profit institutional uses and has a 25% discount of the development charges applicable to new residential development in the City Centre. In Hamilton exemptions are provided for residential intensification, redevelopment (e.g. conversion of single detached unit into a rooming house), affordable housing (e.g. in receipt of funding from senior government or CityHousingHamilton funding) and student residences (50% exemption if built by accredited post-secondary institution or accredited private secondary school).

Halton Region, which is the area's Service Manager, collects a portion of development charges to fund new capital social housing under their development charges by-law. Barrie, which has a municipal non-profit corporation, intends to include social housing in the update of their development charges by-law. The City of Ottawa collects a portion of development charges to fund the development of units that are defined as affordable housing. The affordable housing charge varies by building type with single and semi-detached development being the highest at \$211 per unit in 2015 compared with \$85 for a one bedroom apartment unit. Hamilton is looking at including a parkland dedication waiver for affordable housing projects in their new by-law.

3.2 Policies and Procedures

Policies and procedures include development approval policies and processes, complete application requirements, height and/or density bonusing procedures, and

the potential use of municipal lands. Guidelines and published research data can bring clarity and innovation to the process and result in improved submissions.

City of Guelph

In the City of Guelph, the process and application charges for accessory apartments have been very successful with a number of municipalities looking at Guelph's accessory apartment regulations as a best practice. The City has chosen to not license units, keeping the cost of operating a unit lower, leaving enforcement costs on the general tax base. The registration of units is fairly simple with a one-time registration fee. Accessory apartments are permitted throughout the City as-of-right and do not require a zoning by-law amendment which leads to expedited approvals where zoning regulations are met.

The Affordable Housing Strategy: State of Housing Report reported on affordable housing targets and indicators, and provided updated research on the secondary rental housing market. An average of 117 accessory apartments has been registered since 1995 creating a supply of 2,123 units as of December 31, 2013, easily meeting the annual target of 90 units. The units created tend to support the creation of affordable smaller units, given, that accessory apartments are limited through zoning regulations to two bedrooms. Results also showed that accessory apartments tended to be the most affordable type of rental units. However a survey of accessory apartments undertaken in the fall of 2014 reported that 25% of the accessory apartments were not being rented at the time.

The City's demolition and condominium conversion policies have also been successful in minimizing losses in rental housing stock. On average 12 residential units were demolished each year since 1993, including a total of 12 multi-residential units. Over the past 20 years, a total of 172 rental units have been converted to condominiums.

Under the City's OPA 48 policies, the City may request the submission of an Affordable Housing Report and/or Rental Conversion Report requiring the developer to demonstrate to the satisfaction of the City how the application addresses affordable housing needs including the provision of a range of affordable housing prices.

Other Municipalities

A number of municipalities, including Barrie, Kingston, London and Halton Region monitor affordable housing targets and indicators to measure the effectiveness of their policies and programs. In addition, a number of municipalities, which may also be Service Managers, have a policy in place to deal with the use of municipal lands for housing purposes. The use of height and/or density bonusing is also being identified by other municipalities as a means of securing affordable housing.

3.3 Financial Incentives

Financial incentives are one of the most direct means of reducing development costs. The challenge is to ensure that funding is appropriately directed towards identified issues so that value is realized. The use of financial incentives is also a

means to overcome limitations in other financial mechanisms. For example, development permit fee and/or development charges by-laws may not grant any exemptions to keep the by-laws relatively simple and neutral. A financial incentive could be used to rebalance the costs of new affordable housing by matching the cost of a building permit application.

City of Guelph

The City of Guelph established an Affordable Housing Reserve in 2002 to cost share affordable housing projects with Wellington County pursuant to the Federal-Provincial programs available at the time and to offer incentives to encourage affordable housing projects. The reserve provides a singular mechanism that is extremely flexible in what projects are funded, the use of the funding and the amount of funding. The reserve has been used across the housing continuum including non-market (emergency and transitional housing), private market rental and home ownership (Habitat for Humanity) to cover renovation costs, offset development application fees, and to cover development charges late payment agreements. Since its inception over \$1.2 million has been spent on the creation of 16 emergency units, nine transitional units, 84 rental units and 196 ownership housing units, each project having its own agreement and unique funding levels.

Other Municipalities

The City of Ottawa has a housing reserve fund. The City of Kingston has an Affordable Housing Capital Investment Program which offers funds in the form of a forgivable loan to be used towards the development of affordable housing units and can include land costs, legal fees, construction costs, etc. In addition the City of Kingston provides funding for accessory apartments in the form of a forgivable loan to help offset municipal application fees and/or to offset the costs associated with the development of an accessory apartment. A condition of funding is that the accessory apartment unit is provided at an affordable rental rate to an income qualified household for a set period of time. Hamilton is targeting downtown reinvestment by providing interest free loans for projects that are predominately residential including multi-residential development created through conversions, renovations and new builds on vacant land.

Most municipalities reviewed as part of this report are exploring financial incentives and advocating for additional funding from senior levels of government. For example the City of Hamilton is looking at expanding existing incentive programs and exploring potential new ones (e.g. capital grants, loans and tax deferrals).

3.4 Partnerships

Municipalities are using partnerships to better integrate responses and leverage tools and resources available to stakeholders (e.g. City, Service Manager, Non-profit agencies, developers and builders). The development of affordable housing is one key area where partnerships can be essential, especially in finding and financing suitable land and the expertise to develop it to address the community's affordable market housing needs.

City of Guelph

The City of Guelph generally takes a project based approach in dealing with housing issues which may include partnerships. Responses to issues are designed around individual project needs. For example, the shared rental housing work involved the creation of an internal working group including representatives from legal, planning, building, fire services and communications staff. In addition a Rental Housing Licensing Community Working Group was formed with representatives from key stakeholder groups to assist with the review of community feedback and assist in the development of a recommendation concerning a rental housing licensing program.

Internally staff from Planning, Urban Design and Building Services, and Cultural, Tourism and Community Investments meet regularly to coordinate responses to housing issues and initiatives. Externally city staff participates in Wellington and Guelph Housing Committee (WGHC) meetings and initiatives. The WGHC is a non-partisan community body providing a local focus for addressing housing and homelessness in Guelph and Wellington.

The City also meets with the County of Wellington, as the Service Manager, on specific initiatives to ensure awareness and coordinated approaches and responses where appropriate.

Other Municipalities

Partnerships are essential in developing and implementing integrated solutions. The Regions of Durham and York are looking to work with local partners and the private sector to consider innovative building techniques and financial arrangements to support the development of new affordable housing. Kingston is also looking at partnerships to leverage available resources to maximize the provision of affordable housing. A partnership approach is also being taken with their communications including building awareness of secondary suites, creating a coordinated communications plan with Frontenac County on main messaging for housing, and expanding on existing private-sector roundtable sessions and hosting topical workshops or forums.

Administratively various discussion groups have been created or recommended including a built-form task force in Barrie, a Housing and Homelessness Advisory Committee in Kingston, and a Human Services Planning Board (HSPB) in York Region, In Hamilton, the Hamilton Community Land Trust (HCLT) was established as a non-profit group which could decide to acquire and hold land in Hamilton for affordable housing.

Land costs are a key determinate of the cost of housing. Using surplus government lands for affordable housing, re-purposing under-utilized properties and maintaining an inventory of suitable affordable housing properties are approaches being used by Durham Region, City of Hamilton and City of Kingston respectively. A number of Service Managers, including Durham Region, City of Hamilton, Region of Halton, and the City of Kingston are exploring the potential to intensify and/or leverage social housing properties to increase the supply of affordable housing.

Communication strategies are approaches being embraced by a number of municipalities including the City of Kingston and the Region of York. Kingston is looking at using community forums and theme based workshops to expand the knowledge of housing development practices and sharing community ideas, programs and policy. Kingston is also exploring the use of a housing information e-centre on their website, establishing a virtual contact point for inquires and including community-based housing innovation awards. The Region of York partnered with their Human Services Planning Board to host a Housing Affordability Discussion Series. The HSPB has developed a collaborative advocacy plan called “Make Rental Happen: Creating the Conditions to Build Private Market Rental Housing” in 2013.

3.5 Advocacy

Advocacy works in concert with partnerships and communication strategies to push for enhanced regulatory, policy and financial tools from senior levels of government. The ongoing call for a National Housing Strategy, changes to income policies (e.g. living wage, increased social assistance rates), and new regulatory tools such as inclusionary zoning are all items a number of municipalities are requesting from senior levels of government. Municipalities, including the City of Guelph, have already accomplished a lot with the tools they have to address affordable housing needs. In order to create a bigger impact on affordable housing issues, new tools are needed that are reliant on actions by senior levels of government. Advocating for those new tools is a first step and if they do become available it could increase the impact of the existing work and/or the draft directions presented in this report.

City of Guelph

In the City of Guelph advocacy work generally revolves around responses to government and agency reviews and initiatives. For example a Council Workshop was held on June 17, 2015 to solicit input to respond to the review of the Province’s Long-Term Affordable Housing Strategy Update.

Other Municipalities

A number of other municipalities also respond to responses to government and agency reviews and initiatives, individually and as part of an organization such as the Association of Municipalities of Ontario (AMO), Ontario Professional Planners Institute (OPPI) and Regional Planning Commissioners of Ontario (RPCO). Submissions have been made regarding the need for a National Housing Strategy and inclusionary zoning.

4 Developing Potential Draft Directions

The potential draft directions are meant to address the three affordable housing issues identified for the City of Guelph: need for smaller housing units, lack of primary rental supply and security of the secondary rental market. The municipal tools and how other municipalities have used them were reviewed to identify potential draft directions for the City of Guelph. In addition, previous affordable housing report recommendations for the City of Guelph were reviewed to identify

outstanding directions that remain relevant to the City's current affordable housing issues.

Table 1: Summary of Affordable Housing Tools provides a summary of affordable housing tools and directions. The Table presents the potential draft directions by tool including a brief description of the direction and any linkages with other directions. The linkages identify interdependencies between directions since some directions are dependent on others suggesting an order of implementation while others are independent of other potential responses. The Table presents the status of direction (i.e. enabled (framework in place) and/or enacted (implemented)), issue it responds to (i.e. need for small units, lack of primary rental housing, security of secondary rental housing), other municipalities using or exploring the tool, assessment of potential (i.e. high, medium, low), source (e.g. Official Plan policy, housing report, other municipal practice review) and anticipated outcome along with the rationale for the assessment of potential.

The directions fall into the following five categories:

1. Regulatory
2. Policies and Procedures
3. Financial
4. Partnerships
5. Advocacy

Regulatory responses include Municipal Act, Planning Act and Development Charges Act responses. Policies and procedures include complete application requirements, height and density bonusing procedures, and the potential use of municipal lands. Financial responses include funding programs, financial incentives and funding reserves. Partnership responses include working with other stakeholders on producing resource documents, communications materials and potential demonstration projects. Advocacy work revolves around inclusionary zoning, which would allow a municipality to request development applications to include affordable housing units, and corporate strategies dealing with increasing senior government investments and strategies.

The assessment resulted in a high, medium or low assessment of potential being assigned to each direction to identify directions with the most promise for results. The assessment criteria are based on the degree of city control, impact on the three affordable housing issues and ease of implementation (See Section 2 of this report for further details).

Over the years a number of affordable housing actions have been proposed. Many of these past reports, including the 2002 Affordable Housing Action Plan, 2005 Wellington and Guelph Housing Strategy, 2009 Affordable Housing Discussion Paper and Housing and Homelessness Plan for Guelph Wellington (2013), were discussed in the Housing Strategy Background Report. The actions proposed by these reports have been reviewed to identify any actions that are still relevant and that could help address the affordable housing issues identified in the State of Housing report, in light of the tools available to the City at this time.

On July 17, 2015 a Council Workshop was held which included an affordable housing perspectives exercise and discussion on the Provincial Long-Term Affordable Housing Strategy Update. Feedback received during this workshop has been reviewed to identify any potential actions that fall within the scope of the Affordable Housing Strategy.

Framing the Potential Draft Directions

The potential draft directions are meant to address the following problem statement:

The range of housing options available in Guelph is not fully meeting the affordability needs of low and moderate income households.

According to data, the Guelph market has a sufficient supply of ownership housing but lacks smaller ownership units. The overall supply of rental housing, both small and large units, is insufficient and the security of the secondary rental market is of concern.

The data and community engagement work resulted in the following three affordable housing issues:

Issue 1: There are not enough small units to rent or buy to meet the affordability needs of all smaller households.

Issue 2: A lack of available primary rental supply makes it difficult for people to find affordable rental housing.

Issue 3: The secondary rental market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

Some highlights of potential draft directions are discussed below by issue. As shown in Table 1 the potential draft directions tend to respond to more than one issue.

4.1 Potential Draft Directions to Meet the Needs of Smaller Households

A promising regulatory direction to better meet the needs of smaller households begins with reviewing the City's regulations and by-laws, with an affordable housing lens to identify barriers to the creation of smaller units (Direction 1.5). This review should include a review of alternative development standards, as per OP policy 7.2.2.4. Reducing the amount of land required for affordable housing would likely lead to reduced development and operational costs.

A Community Improvement Plan response would allow for the creation of financial programs, including tax increment financing that could be targeted towards smaller unit creation (Direction 1.7). The City could also choose to direct the use of Affordable Housing Reserve funds to the provision of smaller units (Direction 3.1).

Height and density bonusing could target smaller affordable housing units as a community benefit (Direction 2.3). Increasing the utilization of municipal lands could also target the provision of smaller affordable housing units (Direction 2.4).

Partnership and advocacy directions that are promising include:

- Working with partners to develop innovative ideas and concepts including a demonstration project (Directions 4.2 and 4.3);
- Supporting the intensification of social housing properties (Direction 4.4); and
- Advocacy for new tools such as inclusionary zoning, increased funding and incentives such as tax breaks (Direction 5.1 and 5.2).

The City of Hamilton through the Hamilton Community Land Trust is looking at pocket housing as a case study. Pocket housing is an alternative to single room occupancy units (SRO). It looks like a regular detached house, however there may be four to eight individual units typically with each unit containing a kitchenette, washroom and living space with its own entrance and front door. Units are around 210 ft². In comparison, under the City of Guelph Zoning By-law, lodging houses are permitted in which a lodging unit does not have exclusive use of both a kitchen and a bathroom.

There may be potential for existing social housing properties to intensify and include smaller units. A number of municipalities that are Service Managers, including Durham Region and York Region, are looking at their existing social housing stock to intensify through the development of additional affordable housing units.

4.2 Potential Draft Directions to Increase the Supply of Primary Rental Housing

A promising regulatory direction involves revising the city-wide tenure split of the affordable housing target (Direction 1.3). The affordable housing target included in OPA 48 incorporated a tenure split of 27% ownership units and 3% rental units. Based on the results presented in the State of Housing Report, the City easily met the ownership target over the past five years but did not meet the rental target.

Given the limitations of regulatory responses in dealing directly with the tenure of housing, the best means of encouraging rental housing is through policies and procedures, direct financial incentives, partnerships and advocacy. The City could choose to direct financial assistance towards the provision of rental housing. As noted earlier, the City's Affordable Housing Reserve has been used primarily for ownership and non-market housing forms. Partnerships and advocacy work could also focus on rental housing (Direction 3.1). As noted earlier, the Region of York has a very extensive multi-prong "Make Rental Happen" program (Direction 4.2). However, this extensive outreach program is easier for a regional government to support, especially a regional municipality which is also the Service Manager.

4.3 Potential Draft Directions to Increase the Security of the Secondary Rental Market

The most direct means of increasing the security of the secondary rental market is to increase the supply with a regulatory response that would modify the zoning by-law to permit accessory apartments in townhouse units (Direction 1.6). However this modification may have limited success with existing townhouses given parking, building access and interior lighting needs. Townhouse end units and new construction hold the most promise in supporting accessory units. Within the City of Guelph the existing social housing stock, which includes some single detached units, holds some promise for supporting secondary rental units such as accessory apartments (Direction 4.4). This approach would require partnerships to be established with the County as the Service Manager and with housing providers. Townhouse units within social housing could also serve as a promising demonstration project for piloting new zoning regulations (Direction 4.3).

The City could also choose to prioritize direct financial assistance towards the provision of secondary rental market units (Direction 3.1). As noted previously, the City of Kingston has two financial program streams for accessory apartments which include a requirement to offer the units at an affordable rent for a set period of time to income qualified households.

4.4 Summary of Potential Draft Directions

The following is a consolidated summary of the 24 draft directions proposed in Table 1 by type of tool. The directions are sorted by an initial assessment of their potential (high, medium, low) by City staff based on the degree of city control, impact on the issues and ease of implementation. The initial assessment provides a starting point for discussions with community stakeholders on how to effectively address the City's three identified housing issues.

Regulatory High Potential

1. Incent new rental housing construction by maintaining a "New Multi-residential" property tax rate equalized to the rate for Residential properties.

Medium Potential

2. Develop/acquire and operating affordable housing using a Municipal Service Corporation, i.e. Guelph Municipal Holding Inc.
3. Increase the City's affordable rental housing target by modifying the tenure split of the 30% affordable housing target included in the City's Official Plan.
4. Develop an Implementation Plan to meet the Official Plan affordable housing targets.
5. Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular smaller units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations.
6. Increase the supply of accessory apartments by modifying the zoning by-law regulations to permit accessory apartments in townhouses.

7. Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan.
8. Explore Development Charge exemptions or reduced rates for affordable housing during the next update of the Development Charges By-law to be completed March 2019.
9. Explore the inclusion of affordable housing/social housing as a general service during the next update of the Development Charges By-law to be completed March 2019.

Low Potential

10. Explore having a requirement to identify and reserve lands for affordable housing as part of the development approval process.

Policy and Procedure

High Potential

1. Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed.

Medium Potential

2. Develop guidelines for the submission of an Affordable Housing Report as part of a complete development application.
3. Develop height and density bonusing guidelines that would prioritize affordable housing as a community benefit, where appropriate, in exchange for additional height and/or density.
4. Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City.
5. Explore the feasibility of developing a City land banking program to acquire and protect lands for affordable housing.
6. Monitor secondary rental housing to ensure policies and funding are appropriately directed.

Financial

High Potential

1. Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing.

Low Potential

2. Explore social financing as a means of funding affordable housing units, especially smaller units (bachelor and one bedroom units) and primary rental housing.

Partnerships

Medium Potential

1. Work with the County as Service Manager on the development of the County's incentive toolkit and promote any affordable housing programs provided by all levels of government.

2. Research innovative housing with partners to create a resource document that could be used with other tools to support the development of affordable housing e.g. pocket housing.
3. Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units).
4. Work with the County and housing providers to identify the potential to revitalize as appropriate existing social housing properties and assist with implementation where appropriate.

Advocacy

High Potential

1. Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

Medium Potential

2. Develop a corporate advocacy strategy related to affordable housing.

5 Conclusion

This Draft Directions Report presents the potential draft directions derived from a review of municipal affordable housing tools, current City practices and the practices of other municipalities. The report presents a range of tools available to municipalities to assist with affordable housing needs, including regulatory, policy and procedure, financial, partnerships and advocacy responses. Using these tools the report identifies a number of potential draft directions to address the following three key issues identified in the State of Housing Report:

Issue 1: There are not enough small units to rent or buy to meet the affordability needs of all smaller households.

Issue 2: A lack of available primary rental supply makes it difficult for people to find affordable rental housing.

Issue 3: The secondary rental market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

This report, including the municipal tools and draft directions, will be used to consult with community stakeholders to ensure the draft directions represent a comprehensive response to the issues, recognizing the tools available to the City of Guelph. The consultation will clearly communicate to the public the data, issues and tools available to address the issues. It will discuss how the tools could inform directions to be used to address the City's identified affordable housing issues. The public's level of support for the potential draft directions will also be solicited.

The next phase of the project will consolidate findings from the Background Report, State of Housing Report and Draft Directions Report into the Draft Affordable Housing Strategy.

Attachment 2

Table 1: Summary of Affordable Housing Tools, December 8, 2015

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment	
		1	2	3					
1) Regulatory									
Municipal Act									
1.1	Incent new rental housing construction by maintaining a "New Multi-residential" property tax rate equalized to the rate for Residential properties. Property taxes are based on tax ratios applied against the assessed value of a property. Municipalities can set different tax ratios for different classes of property. Property taxes are based on ratios relative to the residential rate. Tax rates for different property classes can be either higher or lower than the residential rate. Under the Municipal Act, municipalities may create a property tax class for new multi-residential properties (7 or more units under single ownership). Typically rates for a "Multi-residential" property class are higher than the "Residential" property class, creating an operating cost disincentive. The "New Multi-residential" property tax class allows for a separate tax rate to be set for new rental multi-residential development. Properties would be classified within this "New Multi-residential" property class for a set period of time before being reclassified as a "Multi-residential" property. In the City of Guelph By-law (2002) – 16852 provides for the "New Multi-residential" property tax class which applies for 35 years from the date of construction, as per Provincial regulation. In 2015 the "Residential" and "New Multi-residential" property tax class rate for the City of Guelph is set at approximately 1.05% compared to 2.14% for the "Multi-residential" property tax class rate. Setting the tax rate for the "New Multi-residential" property tax class at the same rate as the "Residential" property tax class eliminates the disincentive for a set period of time. Over time the City could move towards a more equalized tax rate between Residential and Multi-residential property tax classes removing the long term need/benefit of a "New-residential" property tax class.	Enacted	X	X		Barrie, York Region	High	Other Municipal Practice Review	<p>Outcome: With this approach the City would continue to incent new multi-residential rental development (7 or more apartment units). Maintaining a new multi-residential property tax rate could increase the number of rental properties and smaller units, which historically have accounted for over 20% of new primary rental housing stock.</p> <p>This could address the need for smaller units since apartment buildings tend to deliver smaller unit sizes than other housing forms such as a single detached dwelling.</p> <p>Rationale for Assessment: This approach shows high potential since the City has direct control for setting property tax class rates and has already set a "New Multi-residential" property tax rate. Property tax rates have a direct impact on the cost of housing and the approach is easy to implement. In addition there is little risk if the property tax approach does not produce additional rental units. Depending on the level of up-take on this, it could burden other property tax classes. Other municipalities also use this approach.</p> <p>Other: Since its inception in 1998, 302 primary rental units have been created in total with the largest percentage of known unit sizes being one bedroom units.</p> <p>3 - bachelor units (1%) 66 - one bedroom (22%) 35 - two bedroom (12%) 4 - three bedroom (1%) 194 unknown bedrooms (64%) – includes student housing at Chancellor's Way</p> <p>It is unknown whether or not the above rental stock would have been created without the "New Multi-residential" property tax class.</p>
1.2	Developing/acquire and operate affordable housing using a Municipal Service Corporation, i.e. Guelph Municipal Holding Inc. Under the Municipal Act, the City could take a direct role in the development and/or operation of housing or use a Municipal Service Corporation. The City could create a separate housing corporation using Guelph Municipal Holding Inc. (GMHI) to hold	Enabled	X	X	X	Hamilton (Community Land Trust), London	Medium	2015 Council Workshop on Affordable Housing, Other Municipal Practice Review	<p>Outcome: This approach would allow the City to develop and deliver affordable housing that could focus on meeting identified community needs (e.g. bachelor and one bedroom rental units). If this direction is pursued, a cost and benefit analysis of funding a portfolio in addition to, or instead of, financially incenting an experienced/established party to</p>

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
		1	2	3				
<p>the company assets. GMHI was created as a for-profit corporation to create value for the community by providing oversight of City assets. At the present time, GMHI provides oversight to Guelph Hydro and Envida Community Energy.</p> <p>The housing assets could be directed specifically to the rental market and offer a specific unit size and type (e.g. bachelor and one bedroom rental units). This approach would bring the needed resources to develop/acquire and or operate affordable housing, along with City oversight of the assets through GMHI.</p> <p>Linkages: Could develop lands that might become available through directions 1.8, 2.4 and/or 2.5. Could demonstrate the research concepts developed in direction 4.2 and/or with the development of a demonstration project through partnerships, as per direction 4.3.</p>							<p>develop and potentially operate affordable housing would be completed.</p> <p>This approach could impact any one or combination of issues depending on the established direction and role for the Municipal Service Corporation.</p> <p>Rationale for Assessment: The approach shows medium potential. The approach would allow the City to directly target household types in need, i.e. smaller rental households. It would be a transparent means of how the City could directly address affordable housing needs. Other municipalities are taking this approach, however they tend to be Service Managers. Further review is needed to understand the resources needed and other options available. The approach would require significant financial resources, especially if financial support is not available from senior levels of government.</p> <p>Other: Assessment of this approach would benefit from discussions with municipalities who have taken this approach to develop a recommendation/business case. Would need to consider the City's role and potential overlap with the County as the Service Manager.</p>	
Planning Act								
<p>1.3 Increase the City's affordable rental housing target by modifying the tenure split of the 30% affordable housing target included in the City's Official Plan.</p> <p>The City's Official Plan Update (OPA 48) includes an annual target of 30% of new residential development for affordable housing which is divided into an annual target of 27% affordable ownership units and 3% affordable rental housing units.</p> <p>The tenure split of the affordable housing target would be modified to better reflect the need for rental housing and provide additional support for other City directions to focus on meeting rental housing needs. Changing the target alone will not increase the supply of affordable rental housing. However it will recognize the need to strive for a greater amount of affordable housing units to be directed towards the rental market which in turn could change how other directions are prioritized and/or implemented.</p> <p>The rental housing target could also provide direction for the supply of secondary rental market units, which are currently</p>	Enabled		X			Medium	State of Housing Report	<p>Outcome: This approach would provide revised or modified targets to direct future housing development to reflect current issues, i.e. the need for more primary rental housing.</p> <p>The approach would impact the rental housing issue by increasing the portion of affordable housing targeted for rental.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a legislative requirement and direct control for setting affordable housing targets. Inclusion of an appropriate target in the OP is key to providing direction to other responses.</p> <p>Other: The approach is included to reflect the challenge in meeting rental housing target in comparison to ownership target.</p>

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
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	excluded.								
1.4	<p>Develop an Implementation Plan to meet the Official Plan affordable housing targets.</p> <p>An implementation plan is necessary to provide a framework to assist with the review and approval of development applications in a manner that provides direction and encouragement to the development industry to help meet the affordable housing targets. Could include regulatory, policy and procedure, financial and other directions.</p> <p>Linkages: A number of other directions could be included in the implementation plan, e.g. Direction 2.4, increasing utilization of municipal lands and/or direction 4.3 undertaking a demonstration project for affordable rental housing units.</p>			X			Medium	<p>Outcome: This approach would provide clear guidelines for implementing the affordable housing targets, bring clarity to the process for development application review and assist in achievement of targets.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a responsibility to develop an implementation plan to meet affordable housing targets and the implementation plan will include elements that directly impact the issues. However some elements of the implementation plan will require further review, other partners and potentially enabling legislation.</p>	
1.5	<p>Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular small units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations.</p> <p>Reviewing the City's regulations and by-laws, with an affordable housing lens, may identify barriers to the creation of smaller units and primary rental housing units. Overcoming these barriers could lead to the creation of a greater range of housing types.</p> <p>In addition the review of alternative development standards, as per OP policy 7.2.2.4 could reduce the amount of land required for affordable housing, leading to reduced development and operational costs. e.g. less parking, reduced road widths, etc.</p> <p>Linkages: Direction 1.6, which deals with regulating accessory apartments in townhouses, has been separately identified as a barrier to the creation of affordable housing. Direction 4.2, which deals with innovative housing formats, might identify some regulations and by-laws that are barriers.</p>	Enabled	X	X	X	Barrie, Kingston	Medium	<p>OP Policy 7.2.2.4, 2015 Council Workshop, HHP, 2009 AHDP, 2002 Affordable, Housing Action Plan (AHAP), Other Municipal Practice Review</p> <p>Outcome: Revised regulations that reduce/remove barriers/disincentives for the development of affordable housing. Reduced development standards could also lead to reduced land costs that would impact housing development costs.</p> <p>Could help with any one or combination of issues depending on the nature of the restrictions identified for change.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a high level of control with this direction. It is anticipated that a few barriers still exist that could be reduced or eliminated, e.g. zoning and engineering requirements for coach houses. There is also policy support in the City's Official Plan to establish alternative development standards.</p> <p>Other municipalities are taking this direction. This approach has been included as a recommendation in two previous affordable housing plans, the 2015 Council Workshop and HHP. The work would best be approach through the upcoming Comprehensive Zoning By-law Review. It is difficult to determine at this point the impact of the direction on the issues and the ease of implementation.</p> <p>Other: The impact of reduced/alternative development standards on the delivery of municipal services would have to be assessed.</p>	
1.6	<p>Increase the supply of accessory apartments by modifying the zoning by-law regulations to permit accessory apartments in townhouses.</p>	Enabled	X		X	Barrie, Halton Region, Kingston, York	Medium	<p>Other Municipal Practice Review</p> <p>Outcome: This approach would allow accessory apartments to be supported in townhouses if regulations (still to be</p>	

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
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	<p>The Planning Act requires municipalities to establish Official Plan policies and zoning provisions allowing accessory apartments in detached, semi-detached and townhouse dwellings.</p> <p>The City's Official Plan Update (OPA 48) supports the creation of accessory apartments in low density residential designations and directs the City's Zoning By-law to provide specific regulations for accessory apartments. The current Zoning By-law recognizes accessory apartments in single detached, semi-detached and linked dwellings but not in townhouses.</p> <p>Appropriate zoning regulations (e.g. parking and building requirements) for accessory apartments in townhouses would need to be developed.</p>					Region		<p>developed) were met. This would require a public process under the Planning Act but there are no appeal rights.</p> <p>Permitting accessory apartments in townhouses could increase the secondary rental housing supply, including the supply of smaller units since current regulations limit accessory apartments to two bedrooms.</p> <p>Rationale for Assessment: This approach shows medium potential. The City is required to modify the zoning regulations to permit accessory apartments in townhouses to conform to Provincial legislation. Anticipate that regulations will have a limited impact on rental supply since only a few existing townhouses will likely support an accessory apartment (e.g. end units with three exterior walls) and potentially new builds that are specifically designed to meet the regulations developed.</p> <p>Other: The City has an established accessory apartment program and has been a best practice in this area. This is a modification to existing practices that have been successful.</p>	
1.7	<p>Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan.</p> <p>Municipalities may create Community Improvement Plans (CIP) in accordance with Ontario's Planning Act to facilitate improvements within targeted areas. These plans allow municipalities to create financial or other types of tools, or direct capital investments – such as tax increment-based grants – towards achieving community goals. For example, a tax increment based grant involves increasing property taxes in increments instead of immediately after the increase in property value. Providing tax relief serves as an incentive for enhancing the value of a property. The Downtown CIP has successfully used tax increment-based grants to support the construction of new residential development. However the Downtown CIP's mandate does not include the provision of affordable housing. Some municipalities implement tax increment financing approaches without the need for upfront financing. Any other financial incentives proposed through the CIP would likely require upfront funding.</p> <p>Would either add an affordable housing lens to the Downtown CIP and/or financial incentives (e.g. tax increment financing) or</p>	Enabled	X	X	X	Barrie, Halton Region, Oshawa, York Region	Medium	Other Municipal Practice Review	<p>Outcome: A Community Improvement Plan would allow for the creation of new units by providing a mechanism for investing in new affordable housing units.</p> <p>The CIP and corresponding financial programs could be directed to any one or combination of issues.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has the authority to create a CIP and has successfully used this approach to facilitate improvements in other areas, i.e. brownfields and downtown development. In addition, the use of financial incentives through the CIP would have a direct impact on identified affordable housing issues. However, the implementation of a CIP requires further research in comparison to other potential draft directions, including an assessment of financial resources.</p>

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
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	create a CIP specifically about affordable housing, similar to the specific approach taken on Brownfield redevelopment. The Affordable Housing Strategy work would serve as part of the background work required for a CIP.								
1.8	<p>Explore having a requirement to identify and reserve lands for affordable housing as part of the development approval process.</p> <p>A significant component of the cost of housing is attributed to land costs. The cost and availability of lands within the City also influence the location of affordable housing. Currently the City cannot require development applications to identify lands for affordable housing. However, if the Province of Ontario instituted inclusionary zoning the City would have the legislative authority to require development applications to identify and reserve lands for affordable housing. This direction has been included in the City's Official Plan Update (OPA 48). However Provincial legislation still needs to be enacted.</p> <p>Currently the City can and has designated lands for medium and high density development to meet forecasted growth through the Official Plan Update (OPA 48). This supports, but does not guarantee, the development of affordable housing.</p> <p>Linkages: Direction 5.1, which deals with advocating for inclusionary zoning, is essential to enabling this direction. In addition if lands are acquired through the development application process it could help implement direction 2.5, which deals with land banking.</p>	Enabled	X	X			Low	OP Policy 7.2.2.2	<p>Outcome: Would create a supply of land for the future development of affordable housing if the proposed development did not include affordable housing. This would be examined as a potential outcome of Section 37 amendments for height and density bonusing or of an Affordable Housing Report requested as part of a complete application.</p> <p>Might address small unit sizes and primary rental housing issues.</p> <p>Rationale for Assessment: This approach currently shows low potential. The approach has policy support in the City's Official Plan. However current legislation does not permit this and enabling legislation is required.</p>
Development Charges Act									
1.9	<p>Explore Development Charge exemptions or reduced rates for affordable housing during the next update of the Development Charges By-law to be completed March 2019.</p> <p>Development charges are charged to new development to recover the capital costs associated with the infrastructure required to accommodate that growth. Development charge rates may vary by type of development and exemptions or reduced rates, may be applied to a specific area or type of development. This approach could be used to encourage a particular type of development to occur, in a particular area.</p> <p>Setting appropriate development charge rates, including exemptions or reduced rates, are challenging since they could either be an incentive or disincentive for different forms of development.</p>	Enabled	X	X	X	Barrie, Hamilton, Peel Region, Waterloo Region, York Region	Medium	2002 AHAP, Other Municipal Practice Review	<p>Outcome: Exempting or reducing affordable housing projects from development charges could encourage the construction of new units without using funds from the Affordable Housing Reserve, which has been used to cover Development Charge costs for some affordable housing developments. This could leave Affordable Housing Reserve funds available for other affordable housing development costs and incentives. However the cost of the Development Charge exemptions would have to be budgeted from other tax supportive sources.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has the authority to set development charges. However, the City's current development charges by-law was updated in 2014 and does not need to be updated until March 2019. During the development of the 2014 Development Charges By-law, staff recommended that affordable housing projects</p>

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								<p>continue to be encouraged through other corporate programs and policy development.</p> <p>A number of municipalities are using this approach and the 2002 AHAP included it as an action which predates the latest review.</p> <p>Other: If certain types of new development have reduced rates, other types of development will need to compensate for the loss in revenue to cover the projected capital cost of development.</p> <p>Despite requests for exemptions, during the last review of the Development Charges By-law in 2014, the City decided to not reduce development charges for affordable housing and continue to support affordable housing projects through other corporate programs such as grants and early/late payment agreements. At the time the City did not have a contemporary policy to guide its potential involvement in financially incenting or otherwise supporting the construction of affordable housing. The City's Development Charge By-law needs to be updated by March 2019.</p>	
1.10	<p>Explore the inclusion of affordable housing/social housing as a general service during the next update of the Development Charges By-law to be completed March 2019.</p> <p>Affordable housing and social housing are eligible services under the Development Charges Act, 1997, if the municipality has an existing level of service. The money collected can then be directed to the capital cost of creating new affordable housing/social housing.</p>	Enabled	X	X		Barrie, Halton Region, Kingston, Ottawa, Peel Region, York Region	Medium	2015 Council Workshop, Other Municipal Practice Review	<p>Outcome: This approach would collect development charges for the development of housing, leading to the construction of new units.</p> <p>Rationale for Assessment: This approach shows medium potential. Affordable housing/social housing are eligible services under the Development Charges Act, 1997. However the City cannot currently use this approach since we do not have an existing level of service, i.e. we do not develop affordable/social housing, and the City has no planned 'intent' to invest in affordable housing projects. The City's current development charges by-law was updated in 2014 and does not need to be updated until March 2019. During the development of the 2014 Development Charges By-law, staff recommended that affordable housing projects continue to be encouraged through other corporate programs and policy development.</p> <p>A number of municipalities, which are typically Service Managers, are using this approach. The City of Barrie, is not a Service Manager, but has developed and funded social housing with the assistance of development charges.</p> <p>Other:</p>

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								<p>During the development of the 2014 Development Charges By-law, public submissions were received requesting that affordable housing/social housing be services supported by development charges. Staff recommended not including charges for these services due to:</p> <ul style="list-style-type: none"> • The role of the County as the Service Manager and their ability/interest in absorbing additional units and expanding the program; • Lack of proven "intent" for social housing projects given no plan in place to develop social housing or homes for the elderly which could leave the City open to DC By-law appeal; and • Existence of a significant waiting list for social housing implying that new units would provide benefit to the existing population and not new development. <p>Program scoping and policy development is required if these services are to be considered as part of the next DC By-law.</p>	
2) Policies and Procedures									
2.1	<p>Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed.</p> <p>The City would collect and analyze data on how housing targets are being met and on housing indicators (e.g. rental vacancy rates) to inform the targets, and adjust the implementation plan accordingly, including financial incentives. Information could also feed into Affordable Housing Report (AHR) requests as part of a complete application by informing what applications need to include an AHR and by providing current data to be included in the AHR. This could lead to improved results from other directions, e.g. financial incentives and AHRs addressing current needs.</p> <p>Linkages: Direction 3.1 and 3.2, which deal with financial incentives, could be informed by monitoring efforts. Direction 2.2, which deals with guidelines regarding the submission of a complete development application, could benefit by including indicators and monitoring results.</p>	Enabled	X	X	X	Barrie, Halton Region, Kingston, London, York Region	High	OP Policy 7.2.6.9, 7.2.6.10, 7.2.6.11, 2015 Council Workshop, HHP, Other Municipal Practice Review	<p>Outcome: Would provide up to date information on how targets and needs are being met and allow annual activity to be measured and gauged against desired outcomes. This information could also serve as an input to height and density bonusing requests and assist with drafting and reviewing the content of Affordable Housing Reports requested as part of a complete development application.</p> <p>Monitoring would inform all three issues.</p> <p>Rationale for Assessment: This approach shows high potential. The approach has policy support in the City's Official Plan, with the 2015 Council Workshop and HHP also recommending the approach. A number of municipalities are monitoring housing targets and indicators.</p> <p>Other: The Affordable Housing Strategy work provides a baseline for future monitoring.</p>
2.2	<p>Develop guidelines for the submission of an Affordable Housing Report as part of a complete development application.</p> <p>The City's Official Plan Update (OPA 48) allows the City to request that an Affordable Housing Report be completed as part of a complete development application. The report would need to demonstrate, to the satisfaction of the City, how the proposed development and/or change in land use is consistent</p>	Enabled	X	X			Medium	OP Policy 7.2.2.8	<p>Outcome: Would provide guidance to the City and development industry when an Affordable Housing Report (AHR) would be requested and the information to be included adding clarity and potentially reducing costs for applications. Would also ensure AHR were completed with an acceptable standard where required.</p>

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	<p>with the Provincial Policy Statement, conforms to the Official Plan and any Provincial Plans in effect, and provides an integrated approach to land use planning.</p> <p>The development of guidelines would provide clarity to the development approval process by helping to determine when to request an Affordable Housing Report and what information to include.</p> <p>The current Official Plan contains enabling policies but procedures and guidelines need to be developed.</p>							<p>The development of guidelines could help address small unit sizes and primary rental housing issues.</p> <p>Rationale for Assessment: This approach shows medium potential. The approach has policy support in the City's Official Plan. The presence of guidelines would not directly ensure the creation of additional affordable housing. However the completion of an AHR, using guidelines would offer a means of assessing need and lead to implementing how to address the need on a development application basis.</p> <p>Other: The completion of an AHR report with guidelines would ensure consistency in the application of requirements and reporting.</p>	
2.3	<p>Develop height and density bonusing guidelines that would prioritize affordable housing as a community benefit, where appropriate, in exchange for additional height and/or density.</p> <p>The City's Official Plan Update (OPA 48) allows the City to permit additional height and/or density in exchange for a community benefit, which could include affordable housing. As part of the City's Downtown Secondary Plan policies, in areas with maximum height limits of 8, 10 or 12 storeys, the City may in a by-law permit a maximum of two additional storeys above the identified maximum and/or additional density.</p> <p>In considering community benefits, the City may, under the OPA 48 policies, give priority to identified community needs, any identified issues in the area and the objectives of this Plan. Affordable housing has been identified as a community need and the development of height and density bonusing guidelines should include when and how to prioritize affordable housing as the community benefit.</p> <p>The development of guidelines would help streamline the development approval process by helping to determine when to prioritize affordable housing over other community benefits and assist in determining appropriate community benefit (e.g. amount and type of affordable housing) for height and density bonus requests.</p> <p>OPA 48 contains enabling policies however procedures and guidelines need to be developed.</p>	Enabled	X	X		Barrie, Kingston, York Region	Medium	OP Policy 10.7, 11.1.8.4, Other Municipal Practice Review	<p>Outcome: Would provide guidance to the City and the development industry when considering a request for additional height and density adding clarity to the process. Might also reduce development and application processing costs. Would also ensure equity and level of transparency when dealing with requests. The amount and nature of the benefit and bonusing would be site specific.</p> <p>Community benefit could be directed to either smaller housing units and/or rental housing stock.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a high level of control on this direction. Enabling OP policies are already in place and affordable housing is recognized as a community benefit. However there are other community benefits recognized in the OP policy and appropriate in areas. A number of municipalities either have or plan to develop guidelines and there is the potential to directly request affordable housing as a community benefit.</p> <p>Impact limited to areas where a developer wants to increase height and density beyond zoning regulations.</p>
2.4	<p>Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City.</p>	Enabled	X	X		Barrie, Cambridge, Durham Region, Halton Region,	Medium	OP Policy 7.2.2.5 2009 AHDP Other Municipal Practice Review	<p>Would allow the suitability of surplus lands to be assessed for affordable housing and potentially result in lands being set aside for affordable housing development, potentially reducing the costs of housing.</p>

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<p>Properties that are in tax arrears for four years can be tendered or put to auction by the City to dispose of with a minimum bid set to cover all municipal costs. The City never retains ownership of the property through the process. However, if there is no bidder the City may vest in the property. The City cannot give an advantage to any potential land purchaser, however the City could make affordable housing providers aware of properties being tendered or auctioned.</p> <p>Prior to being declared surplus or being sold, municipal properties are circulated to determine if there is any internal need for the property pursuant to the City's Surplus Lands Policy. The City Surplus Lands Policy could be modified to ensure that an affordable housing lens is included in some circumstances as part of this circulation process. Surplus lands may not be suitable for affordable housing for reasons such as size, configuration and/or location. However the City could make affordable housing providers aware of properties being sold that might be suitable for affordable housing.</p> <p>The City owns land for its own facilities, e.g. parks and recreational facilities. There might be potential for a portion of City lands to be used for affordable housing purposes provided they are not necessary to meet other needs and would be suitable for housing.</p> <p>Linkages: Potential connection with Direction 1.2 creation of an affordable housing corporation using a Municipal Service Corporation.</p>					Hamilton, Kingston, London, Ottawa, Peel Region, York Region		Kingston (land inventory to include public and privately held lands)	<p>Medium ranking – City OPA 48 policy supports this approach and a number of municipalities are using or plan to use this approach. Unknown at this point how much suitable surplus land might be available for affordable housing development.</p> <p>Anticipate that lands would not be directed to secondary rental stock but rather issues 1 and 2 (smaller units and/or primary rental housing).</p>
<p>2.5 Explore the feasibility of developing a City land banking program to acquire and protect lands for affordable housing.</p> <p>The City could develop a program to acquire suitable sites for affordable housing. This could include City owned sites, properties acquired through Affordable Housing Reserve funds, lands/funding acquired through the development approval process (e.g. community benefit as part of height and density bonusing, inclusive zoning if enabled), etc.</p> <p>Linkages: Potential connection with direction 1.2 creation of an affordable housing corporation using a Municipal Service Corporation, direction 2.5 financial incentives (using financial incentives to purchase land) and direction 5.1 inclusionary zoning.</p>		X	X			Medium	OP Policy 7.2.6.5	<p>Outcome: A land banking program would lead to suitable sites being held by the City and made available for the development of affordable housing. Land costs are a significant portion of the cost of housing and having lands available could potentially reduce the costs of housing.</p> <p>A land bank could not be directed to secondary rental housing stock but could assist with issues 1 and 2.</p> <p>Rationale for Assessment: This approach shows medium potential. The approach has policy support in the City's Official Plan. Land availability and cost is a significant factor in the provision of affordable housing. However, this approach requires further research and it is anticipated that relatively few appropriate municipal parcels are currently available. Inclusionary zoning, which could yield additional lands has yet to be enabled by the Province.</p>
<p>2.6 Monitor secondary rental housing to ensure policies and</p>	Enabled			X		Medium	OP Policy 7.2.6.11	Outcome:

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<p>funding are appropriately directed.</p> <p>Continue to collect information on size (number of units) and nature of secondary rental housing stock (e.g. vacancy rate, rental rate) at least once every five years. Information will allow us to modify policies as necessary and direct funding (as applicable).</p> <p>Linkages: Potential connection with direction 1.3 if secondary rental housing is included as part of rental housing target.</p>							<p>Would provide the City with current information about the size and nature of the secondary rental market and its role as a significant supply of affordable housing. The approach has policy support in the City's Official Plan.</p> <p>Under this direction, monitoring would be specific to issue 3.</p> <p>Rationale for Assessment: This approach shows high potential. The Affordable Housing Strategy work provides baseline data that updates previous data collected on secondary rental housing. Current data is foundational to identifying issues, targeting directions and measuring outcomes.</p>	
3) Financial								
<p>3.1 Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing.</p> <p>Provide financial incentives for affordable housing through grants and low or no interest loans. The financial incentives could offset the development costs of housing, e.g. cover building permits costs, development charges, etc. in exchange for the development of affordable housing. Currently financial incentives are funded through the Affordable Housing Reserve and dealt with on a case by case basis.</p> <p>Historically the City of Guelph had an Add a Unit Program that provided a grant/loan for creating a housing unit(s) on upper floors of downtown properties. There was little, if any interest, in the program likely due to the limited amount of funding available.</p> <p>Linkages: Would complement financial incentives provided through direction 1.7 which deals with establishing a Community Improvement Plan (CIP) for affordable housing and/or modifying the Downtown CIP.</p>	Enacted	X	X	X	Barrie, Hamilton, Kingston, London, Ottawa, Waterloo Region	High	2015 Council Workshop 2009 AHDP HHP Other Municipal Practice Review	<p>Outcome: Funding would be used to create affordable housing through reduced development costs. The City could target specific housing types that the market is not providing such as smaller units and primary rental housing.</p> <p>The Add a Unit Program would support the creation of additional units on upper floors of downtown properties. Could also look into using it in areas with the potential to have residential units on upper floors (e.g. mixed use buildings in nodes and corridors, shopping centres, etc.). This could be incorporated into a CIP approach.</p> <p>Financial incentives could be directed to any one or combination of the issues. The creation of smaller units and primary rental housing would be a first priority.</p> <p>Rationale for Assessment: This approach shows high potential. The City has historically provided financial incentives for affordable housing and to help address other key community needs. There is also an Affordable Housing Reserve in place with funding. A key reason for the lack of affordable housing is that it is not financially profitable so incentives are needed and funding would produce affordable housing designed to meet specific needs, e.g. smaller units for smaller households.</p> <p>Other: The Add a Unit Program historically had little interest but this could have been due to administrative requirements and the limited financial incentive.</p> <p>Need to assess the action in the context of the HHP</p>

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
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								and role of the Service Manager.	
3.2	<p>Explore social financing as a means of funding affordable housing units, especially smaller units (bachelor and one bedroom units) and primary rental housing.</p> <p>Social financing involves investing financially with a social dividend/return established. The investment approach is meant to solve social or environmental challenges while generating financial returns creating a key relationship where a positive social impact is sought as well as modest financial returns. Grants and loans are based on outcomes which account for risk, return and social impact. Can include community investing, social impact bonds and social enterprise lending. The approach is meant to complement other existing funding and support approaches and can be used by for-profit as well as not-for-profit sectors. Socially responsible businesses, co-operatives and enterprising arms of a charity lend themselves to these type of investments.</p>		X	X	X		Low	2015 Council Workshop HHP	<p>Outcome: A funding program would be created and tied to social outcome such as provision of affordable housing. The success of the outcome could impact the level of funding provided.</p> <p>Financing could be directed to any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has low potential since the City has no current experience in this area and it requires further research. The impact on the affordable housing issues is also unknown, especially since even if the approach is taken, funding would be tied to social outcomes. In addition, there were no other municipalities identified using this approach to deal with affordable housing issues.</p>
4) Partnerships									
4.1	<p>Work with the County as Service Manager on the development of the County's incentive toolkit and promote any affordable housing programs provided by all levels of government.</p> <p>The toolkit involves the creation of a listing of incentives for affordable housing that publicizes current affordable housing programs (e.g. website listing of current programs).</p>		X	X	X	Kingston Waterloo Region	Medium	OP Policy 7.2.2.7 2009 AHDP HHP Other Municipal Practice Review	<p>Outcome: Would create a coordinated listing of incentives available in the City of Guelph with the County and make stakeholders aware of current programs available in one location. Offers a means of showcasing available programs and incentives for affordable housing.</p> <p>Could lead to program uptake and the creation of affordable housing if programs are available. Incentives could touch on any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has medium potential. It would be a partnership opportunity for the City with the County as Service Manager. The approach has policy support in the City's Official Plan and is a recommendation of the 2009 AHDP and HHP. The direction would be relatively easy to implement if the County proceeds with the HPP recommendation.</p>
4.2	<p>Research innovative housing with partners to create a resource document that could be used with other tools to support the development of affordable housing e.g. pocket housing.</p> <p>Research different housing formats especially smaller units such as single room occupancy buildings (SRO), tiny houses, pocket housing and/or pocket neighbourhoods to create a resource document which could be used by housing providers/developers.</p>		X	X	X	Hamilton Barrie (Task Force), Durham Region, Kingston, York Region	Medium	Other Municipal Practice Review Hamilton Community Land Trust used pocket housing as a case study York Region held a Make Rental Happen Challenge	<p>Outcome: Would identify innovative housing types, site plan and/or building design ideas for affordable housing and determine which of these would be appropriate to meet community needs, e.g. smaller units.</p> <p>The focus of this would be on smaller units (issue 1).</p> <p>Rationale for Assessment: This approach has medium potential. Site and building design is a key means of supporting the</p>

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
			1	2	3				
	<p>A SRO typically houses one or two people in individual rooms within a multiple-tenant building. SRO tenants typically share bathrooms and/or kitchens, however some may include kitchenettes, bathrooms, or half-baths. They are often comparable to hotel rooms. Tiny houses are generally around 400 ft² or less. Pocket housing is an alternative to single room occupancy units (SRO). Pocket houses look like a regular detached house, however there may be four to eight individual units typically with each unit containing a kitchenette, washroom and living space with its own entrance and front door. Units are around 210 ft². In comparison, under the City of Guelph Zoning By-law, a lodging unit within a lodging house does not have exclusive use of both a kitchen and a bathroom. Pocket neighbourhoods are small individual units sharing open space and parking.</p> <p>This could involve the City hosting a gathering of stakeholders and/or a public challenge, including the development industry and the County as a co-host to develop/assess affordable housing ideas (e.g. tiny houses, pocket housing and pocket neighbourhoods). The focus would be on concepts that could work in Guelph, ideally with future development sites/lands identified as a case study.</p> <p>Linkages: Could help inform direction 1.5, review of regulations and by-laws for unnecessary barriers. Could also provide support to directions 1.2, 4.3 and 4.4 which deal with the provision of affordable housing.</p>							development of smaller units which could be in both the primary and secondary rental market. Developing designs that are also affordable is essential. This can help lead to future partnerships, buy in to directions/actions, new ideas surfacing, input to other approaches, e.g. demonstration project.	
4.3	<p>Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units).</p> <p>The City would support the development of an affordable housing project that could be replicated elsewhere, e.g. pocket housing, tiny houses, etc. This could involve other stakeholders as partners.</p> <p>Linkages: Could demonstrate the research concepts developed in direction 4.2 and/or use lands identified through directions 2.4, 2.5, and/or 4.4.</p>		X	X	X	Cambridge, Waterloo Region	Medium	2002 AHAP Other Municipal Practice Review	<p>Outcome: This would result in the creation of an affordable housing project that could demonstrate an innovative development and/or site/building design approach.</p> <p>The project could demonstrate a means of addressing any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has medium potential. It would be a partnership opportunity for the City with other stakeholders. The direction results in the development of an affordable housing project that meets the needs of at least one household. Could serve as a link between a number of directions, e.g. use of surplus land, intensification of social housing site and development of innovative ideas and concepts with partners. At least one municipality has developed a demonstration project and the 2002 AHAP included this approach as a recommendation.</p>
4.4	<p>Work with the County and housing providers to identify the potential to revitalize as appropriate existing social housing properties and assist with implementation</p>		X	X	X	Durham Region, Halton Region,	Medium	Other Municipal Practice Review	<p>Outcome: This would result in the creation of additional housing units on existing lands, potentially reducing the costs</p>

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment	
		1	2	3					
<p>where appropriate.</p> <p>The County and housing providers own and operate social housing units on lands that may have the capacity to support additional units. Supporting additional units on these lands could be a means of increasing the supply of affordable housing stock without having to find and financially pay for other land. Additional units could include accessory apartments within the existing dwelling, a coach house on the existing site and/or redevelopment of the site to a higher density.</p> <p>Each property and housing provider/owner would need to be assessed separately to determine suitability and interest.</p> <p>Linkages: If appropriate lands were identified could make connections with direction 4.3, initiate or support a demonstration project.</p>					Hamilton, Kingston, York Region			<p>of housing.</p> <p>Additional housing stock through intensification could address any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has medium potential. It would be a partnership opportunity for the City with the County as Service Manager and potentially other housing providers. It is unknown at this point how many additional units could be supported. The current social housing stock includes a range of housing types including single detached, townhouses and apartment units. Other municipalities are recommending this approach.</p>	
5) Advocacy									
5.1	<p>Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.</p> <p>Municipalities cannot currently require development applications to include affordable housing units. The exception would be negotiating the provision of affordable housing as a community benefit in exchange for additional height and density requested by a development application.</p> <p>The City could request the Province to enact legislation empowering municipalities to require that a given share of new development be affordable to low to moderate income households. This would be a means of acquiring lands or having affordable units constructed for affordable housing as development applications are approved.</p>		X	X		Hamilton (Social Planning and Research Council), Kingston, London, Ottawa	High	2015 Council Workshop 2009 AHDP Other Municipal Practice Review	<p>Outcome: This would be a means of showing support/need for additional tools that ultimately would permit the City to require affordable housing as part of a development application directly adding to the supply of affordable housing.</p> <p>The approach could support the development of smaller units and rental housing units.</p> <p>Rationale for Assessment: This approach has medium potential. The City currently responds to proposed legislative changes and supports advocacy efforts by other groups, e.g. Association of Municipalities of Ontario, Regional Planning Commissioners of Ontario, etc. Inclusionary zoning is a key tool to advocate for since this would be a means of requiring affordable housing as development applications are approved. The approach is supported by the results of the 2015 Council Workshop on affordable housing and recommendations from the 2009 AHDP. Other municipalities are advocating for inclusionary zoning.</p>
5.2	<p>Develop a corporate advocacy strategy related to affordable housing.</p> <p>A corporate advocacy strategy for affordable housing could include the following components:</p> <ul style="list-style-type: none"> increasing senior government investment, securing ongoing flexible funding for construction and operation of affordable housing and providing incentives such as income tax and other tax breaks (e.g. GST); increasing income levels and/or establish a Housing Benefit; and/or 		X	X	X	Barrie, Durham Region, Halton Region, Hamilton, Kingston, London, York Region	Medium	OP Policy 7.2.6.8 2015 Council Workshop 2005 Wellington and Guelph Housing Strategy Other Municipal Practice Review	<p>Outcome: This would be a means of showing support/need for: increased investment; provision of incentives beyond those available to a local municipality; higher (minimum) income levels; and/or housing allowances so households can afford suitable housing.</p> <p>Would be a means of showing support/need for a National Housing Strategy and securing funding that is flexible for the construction and operation of affordable housing. The strategy would highlight the</p>

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
		1	2	3				
<ul style="list-style-type: none"> establishing a National Housing Strategy. <p>Municipal incentives and tools are limited. Additional funding for affordable housing and financial tax incentives from senior levels of government could help leverage municipal incentives to increase the supply of affordable housing.</p> <p>Increasing income levels (e.g. minimum wage) and/or establishing a universal housing benefit for people on social assistance and the working poor would increase the ability of households to pay for housing.</p> <p>A National Housing Strategy would identify the nation's interest in housing and actions to support those interests that should include support for affordable housing.</p>							<p>significance of the issue and present a planned approach. Funding is essential to create a range of affordable housing to meet community needs across the entire housing continuum.</p> <p>The advocacy work would align with efforts of the Poverty Elimination Task Force and the Guelph Wellington Housing Committee, strengthening the community's response for additional support from senior levels of government to deal with meeting affordable housing needs.</p> <p>The approach could support any one or combination of the issues. Increasing income levels and/or a housing benefit could support the affordability of housing for lower income households. However it might not increase the supply of smaller and/or primary rental housing or the security of the secondary rental market.</p> <p>Rationale for Assessment: This approach has medium potential. The City currently supports advocacy efforts by other groups, e.g. Association of Municipalities of Ontario, Regional Planning Commissioners of Ontario, Federation of Canadian Municipalities, etc. Advocating for assistance from senior levels of government is within the City's role and experience. City OP policy support and recommendation from 2015 Council Workshop on affordable housing and 2005 housing strategy. Other municipalities are advocating for increased investment and incentives from senior levels of government and for a National Housing Strategy.</p>	

¹Issues

Issue 1: Not enough smaller units to rent or buy (bachelor and one bedroom)

Issue 2: Lack of primary rental housing supply

Issue 3: Secondary rental market provides choice but not as secure as primary rental market

² Assessment of Potential Categories

Assessed each direction on the degree of city control, impact on the issues and ease of implementation

H – High potential items are directions where the City has control (focus on private market housing and land use planning), will show a significant impact in terms of outcomes on the issues and is relatively easy to implement (already in budget, workplan, etc.)

M – Medium potential items are directions where the City has control, impact on issues is anticipated and implementation is reasonable. The directions show promise since they have a level of support (e.g. included in City documents – Official Plan, previous housing study, Council Workshop on affordable housing)

L – Low potential items are directions where the City does not have direct control, impact on the issues is minimal or requires further review and implementation is complex or requires further review since there is not much information available on success of outcomes. In addition directions may require enabling legislation and/or multiple partners

**Ministry of Municipal
Affairs and Housing**



Municipal Tools for Affordable Housing

The Ministry of Municipal Affairs and Housing has developed this handbook to provide information on the planning and financial tools available to municipalities to encourage and support the development of affordable housing in their communities.

Municipalities are responsible for making local decisions, including compliance with any applicable statutes or regulations. Some links to case studies and snapshots in this handbook are from other jurisdictions where laws may be different.

This handbook should not be relied upon as a substitute for specialized legal or professional advice in connection with any particular matter. While every effort has been made to ensure the accuracy of the information in this handbook, the Ministry does not accept legal responsibility for its contents or for any consequences, including direct or indirect liability, arising from its use.

Produced by the Ministry of Municipal Affairs and Housing
Provincial Planning Policy Branch
777 Bay Street, 14th Floor
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<http://www.mah.gov.on.ca>

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1 Affordable Housing Matters

1.1 A FUNDAMENTAL NEED

Housing is one of the most fundamental of human needs. It is also a key driver shaping the economic and social sustainability of communities, a vehicle for social inclusion and an important component of growth.

Access to safe, affordable and adequate housing touches almost every aspect of a community's well being and affects all of its members. Communities with a range of housing choices that meet the full range of their housing needs - including the needs of low and moderate income citizens - are generally more liveable, more economically competitive and resilient. A growing body of research shows that access to good quality affordable housing supports not only low and moderate income households, but also has positive community-wide benefits related to economic competitiveness, health, education and community well-being.



Do you know that Ontario had 4.5 million households in 2006, of which approximately...

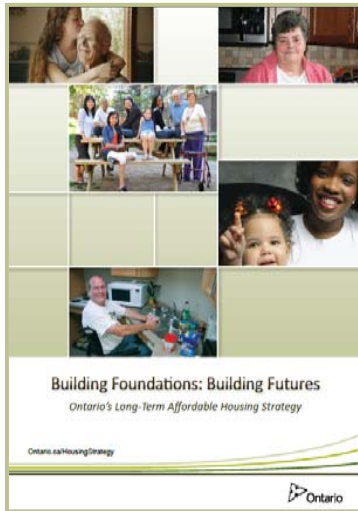
- 1.3 million were rental households (29 percent) and 3.2 million (71 percent) were homeowners
- 45 percent of rental households were families, fairly evenly divided between couples with children, couples without children, and single parents; another 45 percent of rental households were persons living alone
- Rental households had an average household income of approximately \$45,000 compared to approximately \$95,000 for homeowners
- 20 percent of rental households (261,000 households) spent more than 50 percent of their income on rent

Where's Home is published annually by the Ontario Non-Profit Housing Association and the Ontario Region of the Co-operative Housing Federation of Canada. This report looks at critical housing indicators across the Province, including rental housing demand and availability, vacancy rates, and affordability and takes a snapshot of 22 municipal housing markets.

http://www.chfcanada.coop/eng/pdf/ontdocs/WheresHome_2010.pdf

1.2 BUILDING FOUNDATIONS, BUILDING FUTURES: ONTARIO'S COMMITMENT TO AFFORDABLE HOUSING

The *Housing Services Act, 2011* provides the foundation for Ontario's long-term commitment to affordable housing and a renewed partnership with municipalities based on clear roles and responsibilities. Most provisions of the *Housing Services Act, 2011* will come into effect on January 1, 2012.



Section 4 of the *Housing Services Act, 2011* sets out the provincial interest in having a system of housing and homelessness services that:

- is focussed on achieving positive outcomes for individuals and families
- addresses the housing needs of individuals and families in order to help address other challenges they face
- has a role for non-profit corporations and non-profit housing co-operatives
- has a role for the private market in meeting housing needs
- provides for partnerships between different levels of government and others in the community
- treats individuals and families with respect and dignity
- is co-ordinated with other community services
- is relevant to local circumstances
- allows for a range of housing options to meet a broad range of needs
- ensures appropriate accountability for public funding
- supports economic prosperity
- is delivered in a manner that promotes environmental sustainability and energy conservation

Ontario's Housing Policy Statement, issued under section 5 of the Act, provides direction to Service Managers to guide the development of locally relevant housing and homelessness plans and articulates the provincial priorities related to affordable housing, social housing, homelessness prevention and housing for persons with disabilities.

Section 6 of the Act requires Service Managers to develop local housing and homelessness plans which must: identify current and future housing needs within an area, include objectives and targets relating to housing needs, describe measures proposed to meet these goals, and describe how progress towards meeting the identified goals will be measured. These plans must address matters of provincial interest identified in section 4 of the Act and must be consistent with Ontario's Housing Policy Statement issued under section 5.

Service Managers are municipalities and District Social Services Administration Boards (boards established in each of the 10 districts in Northern Ontario). Service Managers are responsible for delivering and administering social and affordable housing, as well as administering other social service programs such as Ontario Works and childcare.

Affordable Housing in Ontario: Roles and Responsibilities

Province	Service Managers (Housing Role)	Municipalities (Land Use Planning Role)
<ul style="list-style-type: none"> • Establish legislative and policy framework • Set out provincial interests for housing • Partner with Service Managers to ensure financial accountability through service agreements • Provide annual reports on province-wide progress • Contribute to funding for affordable housing and homelessness programs • Engage the federal government to establish a long-term national housing strategy including sustainable funding for affordable housing 	<ul style="list-style-type: none"> • Engage the local community in determining housing needs, establish a housing vision and determine priorities for helping people in need • Develop and implement local housing and homelessness plans that address provincial interests and are consistent with Ontario’s Housing Policy Statement • Contribute to, coordinate and administer housing funding • Monitor and report on progress 	<ul style="list-style-type: none"> • Use local housing and homelessness plans as the basis for housing needs assessment to guide development of municipal planning policies and approaches • Identify range of planning and financial tools that are available and create enabling frameworks for their use • Develop and implement official plan policies and zoning to direct development and promote the availability of a full range of housing types to meet range of identified needs. This includes implementing policies to permit second units, as well as enabling policies needed to use planning and financial tools

A Definition for Affordable Housing

Canada Mortgage and Housing Corporation provides a commonly used definition for **affordable housing**. To be affordable, a household should not spend more than 30 percent of their gross income on shelter costs.

The definition in the **Provincial Policy Statement** (PPS) issued under section 3 of the *Planning Act* is based on this commonly-used definition. Municipalities must be consistent with the PPS in their land use planning and development decisions.

1.3 WHAT IS AFFORDABLE HOUSING?

Affordable housing is a broad term which encompasses a range of housing types. It includes both low-cost market housing for homeowners and renters, and non-market housing available at subsidised rates. Providing affordable housing in a community means that families and individuals of all income levels and lifestyles can find suitable and adequate places to live without spending a disproportionate percentage of their income on housing.

Affordable housing is housing for people in housing need. Households in need of affordable housing are diverse and represent a broad spectrum of households along the housing continuum – from renters and homeowners to those in need of supportive, transitional and social housing. Households in housing need can include seniors and young families, low and moderate-income workers, people with special needs, and the homeless.

Affordability should be viewed on a continuum, rather than at a specific price point. Within Ontario's housing continuum, there are varying degrees of affordability. The range and diversity of housing needs means that community responses to the challenge of affordable housing require a range of approaches, based on community needs. Within the continuum, communities may face affordability challenges both in absolute terms (the price of housing) as well as in relative terms (types of housing). Given the diversity in land values across Ontario, similar housing types may vary in terms of affordability from one community to another.

ONTARIO'S HOUSING CONTINUUM



1.4 AFFORDABLE HOUSING BENEFITS THE ENTIRE COMMUNITY

Access to good quality affordable housing has community-wide benefits related to economic competitiveness, health, education, social inclusion and strengthened communities. Consider the following benefits that providing a full range of housing, including affordable housing, can bring:

Supporting Economic Vitality

Communities with a full range of housing, including affordable housing, may enjoy a competitive advantage. The cost of housing is a primary factor that individuals and businesses take into account in terms of locating or staying in a community. As such, the availability of a full range of housing, including affordable housing, plays an important role in a municipality's efforts to attract and retain employees and businesses, or to accommodate population growth and new investment.

Housing is an important component for attracting and accommodating a workforce by:

- ensuring a range of housing that accommodates a variety of household incomes
- locating housing within reasonable distances of employment areas



Providing a full range of housing, including affordable housing, can help promote economic development and yield positive community-wide benefits such as:

- increasing demand for goods and services through a more diverse population base which in turn provides increased local employment opportunities
- providing increased housing options for a diverse local workforce, including service sector and other activities that depend on workers from a variety of backgrounds
- spurring job creation in the construction industry
- supporting low and moderate income households by helping reduce the costs of housing and freeing up income for other needs

Building Resilient, Inclusive and Sustainable Communities

Affordable housing is an essential part of building diverse and well-integrated communities. Communities that provide a variety of housing types are more socially inclusive, are better equipped to meet changing community needs, and are better able to establish closer ties between all segments of the community.

The availability of a full range of housing choices, including affordable housing, helps: seniors find alternative housing forms so they can remain in their own communities, low and moderate income workers afford to live in the communities they work in, and vulnerable people find adequate and appropriate shelter and services.

Helping Children and Families Succeed

Access to good quality, affordable housing promotes good health in children and families enabling them to contribute to their communities in positive ways. A growing body of research is showing that stable, affordable housing helps provide children with enhanced opportunities for educational success. By providing a stable and supportive home environment, affordable housing complements the efforts of educators and helps support better student achievement.

A Comprehensive Housing Strategy for Halton Region



“Affordable housing is critical to fostering healthy communities in Halton. As we plan for the future, it is important that we have a mix of housing types and affordability levels so that residents can remain in Halton through all phases of their lives.”

- Halton Regional Chair,
Gary Carr

Link: www.halton.ca

What Does Affordable Housing Look Like?

Well-designed affordable housing can look just like any other form of housing. Depending on the regional market, it may include single, semi-detached and row housing, and/or low, mid-rise and high-rise buildings. It may be a single development or building, or it may include subsidized units integrated into a predominantly market-based building or development.



92 Carlton St., Toronto

The 11 storey apartment building contains over 100 units of affordable housing. The property, owned by Toronto Community Housing, has design features that complement the existing brick facades of surrounding buildings along Carlton Street.
<http://www.torontohousing.ca/>

Healthy Communities

Affordable housing, like our education and health care systems, is an important part of a community's well-being. Adequate, stable and affordable housing contributes to physical and psychological well-being, leads to increased personal safety, and helps decrease stress.

Housing which is affordable provides households with a greater ability to meet other needs such as food, clothing, transportation and recreation. Together these factors help result in better health outcomes.

Makes Planning Sense

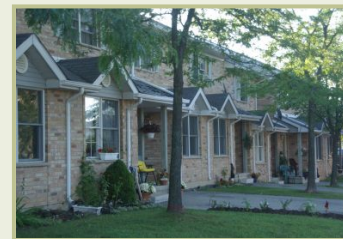
The provision of a full range of housing in a community not only helps meet important economic and social needs, it also represents good planning. As a generally smaller and more compact form of housing, affordable housing can help communities meet other important goals such as:

- promoting a more intensive use of land and buildings and optimizing public investments in infrastructure
- promoting intensification in urban areas, brownfield site rehabilitation and redevelopment
- supporting local businesses by creating a larger pool of potential customers through more intensified mixed use development
- promoting transit-supportive development by contributing to increased densities
- reducing the need for long commutes to work, which in turn supports improved local air quality through reduced car usage and the promotion of transit, cycling and walking



Anson House, Peterborough

56 affordable units for lower-income singles, families and persons living with disabilities.
<http://www.cmhc-schl.gc.ca/>



Chimney Hill, Cambridge

56-unit property comprised of multiple, affordable townhomes.
<http://www.housingcambridge.com/>



Bread & Roses Co-operative, Kitchener

The co-operative has 66 affordable apartment units, and partially operates in a renovated heritage building.
<http://www.breadandrosescoop.org/>

2 Municipal Tools for Affordable Housing

Municipalities possess a range of authority, responsibility and local expertise which provide them with a unique ability to take a leadership role in helping meet the need for affordable housing in their community.

Municipalities can consider a range of land use planning and financial tools to help promote a full range of housing types - including affordable housing - and meet the full range of housing needs in a community.

This section provides information on key planning and financial tools enabled under provincial legislation that municipalities can use in developing and implementing local housing and homelessness plans which promote a full range of housing types and help achieve tangible results. It provides descriptions of the tools and examples of best practices that some municipalities have used to increase the range and mix of housing types, to provide opportunities for more affordable housing development, and to make the construction of affordable housing more financially viable.



Do you know...

Many communities have developed affordable housing strategies that can assist other municipalities as they develop their own strategies to meet their local housing needs.

Some examples include:

- [City of Brantford](#)
- [Bruce County](#)
- [Region of Halton](#)
- [City of Hamilton](#)
- [United Counties of Leeds & Grenville](#)
- [City of London](#)
- [City of Ottawa](#)
- [City of Toronto](#)
- [County of Wellington](#)



2.1 MUNICIPAL ACT, 2001 AND CITY OF TORONTO ACT, 2006

The *Municipal Act, 2001* governs the structure, responsibilities and powers of municipalities in Ontario. The *City of Toronto Act, 2006* similarly governs the City of Toronto. These Acts set out a broad legislative framework that provides municipal governments with powers to pass by-laws relating to a wide range of activities, including by-laws respecting the economic, social and environmental well-being of municipalities. There are provisions in both Acts that may be considered in the development and preparation of local strategies to encourage the development of a full range of housing choices, including affordable housing.

Do you know...

- **Canada Mortgage and Housing Corporation's** affordable housing centre has a team of experts to help municipalities and the private, public and non-profit sectors to develop affordable housing in communities just like yours. Visit www.cmhc.ca/affordablehousing to:
 - access over 250 [project profiles](#) and [stories](#) about successful projects across Canada
 - find information on [Seed and Proposal Development](#) funding
 - find [learning resources](#), strategies and case studies to navigate the financial, operational and social issues faced in developing affordable housing projects
- **Affordability and Choice Today (ACT)** - an initiative funded by Canada Mortgage and Housing Corporation, and administered and delivered by the Federation of Canadian Municipalities with the participation of the Canadian Home Builders' Association, and the Canadian Housing and Renewal Association - helps overcome planning and building regulatory barriers to the development of affordable housing by promoting practical solutions at the local level. ACT offers an extensive database of case studies from municipalities across Canada. A sample of some of these case studies include:
 - broadening housing options (includes live/work, secondary dwelling, special needs, supported housing, workforce housing)
 - implementing alternative development standards (includes parking, subdivision developments)
 - innovative strategies, policies and guidelines (includes development charges and density bonusing, development standards and guidelines)
 - intensification, renewal and redevelopment (includes brownfield redevelopment, conversion, infill)
 - streamlining approvals

Source: <http://www.actprogram.com/english/ProjectListing.asp?x=1>

2.1.1 Demolition and Conversion of Residential Rental Properties (*Municipal Act 2001*, s. 99.1; *City of Toronto Act, 2006*, s. 111)

The preservation of the existing affordable housing stock is an important component of a local housing strategy. Affordable rental units are sometimes lost through demolition, the conversion of existing units from rental to ownership / condominium and property renovations. Municipalities can consider the use of the following tool as part of a local strategy to help protect existing affordable housing stock.

Municipalities may enact by-laws to prohibit and regulate the demolition of residential rental properties containing six or more dwelling units and the conversion of such properties to a purpose other than residential rental. **Some municipalities have developed demolition and conversion control policies through their land use processes to help ensure the preservation or replacement of affordable housing in communities where residential rental housing is decreasing.**

Section 33 of the *Planning Act* allows municipalities to designate “demolition control areas” to help maintain existing housing stock. Demolition control areas established under the *Planning Act* can include both ownership and rental properties as well as properties with less than six units.

2.1.2 General Power to Make Grants

(*Municipal Act 2001*, s. 110 and O. Reg. 603/06; *City of Toronto Act 2006* s. 252 and O. Reg. 598/06)



A municipality has, subject to certain limits, the general power to provide grants for purposes council considers to be in the interests of the municipality, including:

- providing loan guarantees
- selling or leasing land at a nominal amount
- donating land, food and merchandise

Generally, municipalities cannot provide financial assistance to bodies that undertake manufacturing, industrial or commercial activities through the granting of bonuses (for further information see *Municipal Act, 2001* s. 106, *City of Toronto Act, 2006* s. 82). However, exceptions exist and bonusing may be considered in relation to affordable housing – for example, in connection with Municipal Capital Facilities Agreements.

2.1.3 Municipal and City Services Corporations

(*Municipal Act 2001*, s. 203 and O. Reg. 599/06; *City of Toronto Act 2006*, s. 148 and O. Reg. 609/06)

Municipalities may establish a Municipal Services Corporation (MSC) or a City Service Corporation (CSC) in the City of Toronto, for most services that municipalities could deliver themselves. Municipalities would decide if a corporation is the appropriate vehicle for delivering certain types of services and address any related legal or practical issues, such as financing or bonusing.

In order to establish an MSC or CSC, a business case must first be adopted and it is up to municipal council to determine the specific details of its business case. The power to create an MSC / CSC cannot be delegated from municipal council.

Municipalities may put in place special levies (often called area rates) for a MSC / CSC for defined “economic development services”. Municipalities would then collect these special levies in a specific area, and transfer those funds to the MSC or CSC. Economic development services may include the following:

- acquisition, development and disposal of sites for residential, industrial, commercial, and institutional uses
- provision of residential housing
- undertaking of community improvements consistent with a municipally-approved community improvement plan under section 28 of the *Planning Act*
- improvement, beautification and maintenance of municipally-owned land, buildings and structures



2.1.4 Municipal Capital Facilities Agreements (*Municipal Act 2001, s. 110; City of Toronto Act 2006, s. 252*)

Municipal capital facilities agreements can be used by municipalities to create relationships with other parties such as public bodies, municipal services corporations, the private sector, not-for-profit organizations, and aboriginal communities to deliver municipal facilities. The types of municipal capital facilities listed in the regulation include, among others, municipal housing project facilities and recreational or parking facilities. As an example of this tool, a municipality may consider an agreement with, and providing financial assistance to, a not-for-profit organization for affordable housing facilities.

Assistance for municipal capital facilities from a municipality can include:

- giving or lending money
- giving, leasing or lending property
- guaranteeing borrowing
- property tax exemptions or reductions

Municipalities can also consider development charges exemptions for land used for municipal capital facilities.

Prior to entering into a municipal capital facilities agreement to provide affordable housing, the municipality must pass a municipal housing facility by-law. A municipal housing facility by-law must include a definition of “affordable housing”, policies regarding public eligibility for the housing units to be provided as part of the municipal capital facilities, and a summary of the provisions that an agreement respecting municipal housing project facilities is required to contain.



Municipalities must define “affordable housing” in a municipal housing facility by-law before entering into a municipal capital facilities agreement for municipal housing project facilities.

2.2 PLANNING ACT

The *Planning Act* sets out the ground rules for land use planning and development in Ontario and provides a range of land use planning tools that municipalities can consider to help achieve a full range of housing, including affordable housing, in their communities.

Section 2 of the Act identifies the adequate provision of a full range of housing, including affordable housing, as a provincial interest. Decision-makers must have regard to matters of provincial interest identified in section 2 of the Act when carrying out their responsibilities under the Act.

The Provincial Policy Statement, 2005 (PPS) issued under section 3 of the *Planning Act* builds on the provincial interests identified in section 2 of the Act by providing more specific provincial policy direction to guide land use planning decision-makers. The PPS articulates the provincial interest in ensuring a full range of housing to meet current and future needs of communities, provides a definition for “affordable”, and additional policy direction to planning authorities and other decision-makers to address their housing needs. Pursuant to section 3 of the *Planning Act*, municipalities are required to implement the PPS through their land use planning decisions, including the adoption of their official plan, as all decisions affecting a land use planning matter shall be consistent with the PPS.

Provincial plans, such as the Growth Plan for the Greater Golden Horseshoe, also apply in specific geographic areas of Ontario. Within these areas, development must also conform to the provincial plan which applies.

2.2.1 Official Plans and Zoning By-Laws (*Planning Act*, s. 16, 17 and 34)

Municipal official plans set out the broad vision of a community’s plans and goals governing land use. This includes the municipality’s policy approach to providing a range and mix of housing types and densities, specifying measures and procedures for attaining housing objectives, and establishing targets to provide housing that is affordable to low and moderate income households.

Municipalities should use **local housing and homelessness plans**, which Service Managers must develop in accordance with the *Housing Services Act 2011*, to inform their official plan review or update.

In accordance with the *Housing Services Act 2011*, **local housing and homelessness plans** must:

- identify current and future housing needs within an area
- include objectives and targets relating to housing needs
- describe measures proposed to meet these objectives and targets
- describe how progress will be measured towards meeting the identified goals
- address the matters of provincial interest identified in section 4 of the Act
- be consistent with Ontario’s Housing Policy Statement issued under section 5 of the Act



While key factors that contribute to housing being unaffordable in any community - such as incomes relative to housing prices - are beyond the scope of land use planning, there are important spatial and land use aspects to housing affordability.

Municipal official plans provide a key starting point – they guide the form and land use structure of our communities and can have a significant impact on the availability of a full range of housing types, including affordable housing.

Local housing and homelessness plans developed by Service Managers inform the municipal review of its official plan by providing information on existing supply and demand in a region, and projecting future housing needs. Municipalities use this information to develop a land use policy framework through the official plan, which guides development with a view to accommodating the range of projected needs.

Official plans are implemented primarily through zoning by-laws. Zoning by-laws that put the official plan into effect enable communities to regulate and manage land development. The *Planning Act* requires that municipalities update their official plans on a five year basis. Zoning by-laws must be updated to conform to the official plans within three years of the new or updated official plan coming into effect.

Consider how affordability can be facilitated through land use planning techniques such as:

- **Mixed use development** allows various land uses to be combined within a single development or district and can create new housing opportunities in areas where such opportunities may have previously not existed. Mixed use developments can promote housing diversity, social inclusiveness and more compact, walkable neighbourhoods that are integrated with commercial and service uses. It also has the potential for offering cost savings to developers / property managers in the form of shared parking arrangements and shared costs for building operation and maintenance.
- **Increasing density through reduced lot or unit size** can reduce per unit housing costs and provide for more effective use of infrastructure, while still considering compatibility with the surrounding area.
- **Increasing density on under-utilized sites** can help to increase a community's housing stock, accommodate population growth and increase a neighbourhood's population so that the pool of customers for existing businesses in the area is expanded. Within built-up areas, there may be potential for affordable housing above ground level commercial space and for infill development.
- **Building form and design** can provide more opportunities for affordable housing through alternative house forms which can decrease development costs through higher densities. Alternative building forms can range from row houses, to triplexes, quattroplexes and stacked townhouses, to low-, mid- and high-rise apartments.
- **Converting non-residential buildings** located in suitably designated areas into affordable housing by renovating and reusing existing buildings can result in more inclusive neighbourhoods that attract business and employment talent. It can also be more cost-efficient than new development as the building shell is already in place and the site is already serviced, while also allowing for greater flexibility in unit layout as non-residential buildings often have higher floor to ceiling heights.

2.2.2 Minimum and Maximum Development Standards (*Planning Act*, s. 34(3))

By using minimum or maximum standards in local zoning by-laws for residential or mixed use buildings and development, municipalities can provide for more compact forms of development that provide more opportunities for affordable housing units.

Development standards can affect the price of housing construction and can contribute to lowering the costs for housing development. More efficient built forms which contribute to lower base costs for housing development can be achieved through by-law standards for minimum building height and density. For instance, establishing **minimum density** and height standards generally has the effect of reducing land and site development costs as costs can be spread over a larger number of units.

Other benefits include improving the use of community resources such as public transit, utilities, existing road and sidewalk networks, and greenspaces, while expanding the number of potential customers for area businesses.

2.2.3 Second Units (*Planning Act*, s. 16, 17 and 34)

Second units are one of the most inexpensive ways to increase the stock of affordable rental housing and integrate affordable housing throughout the community, while maintaining neighbourhood character. Second units can provide practical housing options to meet specific needs, including increasing housing choices for low and modest income households, accommodating an aging population who wish to live independently but also benefit from the support of having their extended families nearby, and promoting more inclusive communities.

Second units – also known as accessory or basement apartments, secondary suites or in-law flats – are self-contained residential units with kitchen and bathroom facilities within dwellings or within structures accessory to dwellings such as coach houses or laneway garages. In many cases, second units provide an important source of affordable housing for low and moderate-income households at what are typically some of the most affordable rental rates.

Provisions of the *Planning Act*, which will come into effect January 1, 2012, state that municipalities shall implement policies in their official plans and that all local municipalities shall implement provisions in their zoning by-laws authorizing second units.

Community Benefits from Second Units

Second units benefit the wider community by:

- increasing the stock of rental units in an area
- providing homeowners an opportunity to earn additional income to help meet the costs of homeownership
- supporting changing demographics by providing more housing options for extended family or elderly parents, or for a live-in caregiver
- maximizing densities and helping create income-integrated communities, which can support and enhance public transit, local businesses and the local labour market, as well as make more efficient use of infrastructure
- creating jobs in the construction / renovation industry

This change will require municipalities to identify appropriate areas for second units within both existing development, as well as in new development (greenfield) areas. Municipalities are responsible for determining where second units are appropriate, as well as the appropriate standards for second units. In determining appropriate locations for second units, municipalities could account for any inherent constraints, which may mean that it would not be appropriate to allow second units in some areas, such as those with inadequate servicing or in flood-prone areas. Municipal official plan policies for second units cannot be appealed to the Ontario Municipal Board except when they are included in the municipal five year update of the official plan.

Second units can be developed both within existing residential communities, or as part of new residential development and must comply with any applicable laws such as the Building Code, the Fire Code and property standards by-laws. The development of a second unit may require a building permit.

2.2.4 Garden Suites (*Planning Act, s. 39.1*)



Garden suites - also commonly known as granny flats - are one-unit detached residential structures which contain bathroom and kitchen facilities, are designed to be portable and are accessory to the existing residential structure. Garden suites are an affordable housing type, in part, because they do not necessarily require the purchase of

land as they are ancillary to existing dwellings, and are relatively inexpensive to install as they are often constructed off-site or made from pre-fabricated materials.

Garden suites are especially suitable for some groups such as seniors because they provide affordable housing and enable older adults to live independently while receiving informal support from family members or a caregiver in an independent unit.

Municipalities can pass temporary use by-laws authorizing garden suites as a temporary use for up to 20 years. Municipalities can also extend the temporary authorization for garden suites by further three year increments, as needed.

Garden suites are a temporary form of housing which municipalities may use to help meet a range of goals including housing, intensification and redevelopment objectives.

Some examples:

- The **Town of Caledon** permits garden suites in many of its residential, rural, and agricultural zones.
- The **Town of Bradford West Gwillimbury** promotes garden suites and secondary units as part of their strategy to assist in the provision of new affordable rental housing that meets the needs of an aging population and to achieve residential intensification goals.

2.2.5 Demolition Control Areas (*Planning Act*, s. 33)

Section 33 of the *Planning Act* enables municipalities to establish demolition control areas which can include both ownership and rental properties, as well as properties with less than six units.

Once demolition control areas are established under the *Planning Act*, landowners must obtain a demolition permit prior to demolishing the whole or any part of a residential property within the area.

Within demolition control areas, municipalities can refuse to issue a demolition permit unless a building permit has been issued to erect a new building on the site. This framework can assist a municipality with maintaining residential properties, including affordable housing. Demolition control areas can encourage owners to maintain viable housing stock. They can also allow municipalities to regulate demolition while considering and developing new land use policies for an area, such as an area in transition, where it may be appropriate to maintain existing affordable housing stock and promote new housing opportunities, while also promoting other uses to help revitalize the area.

The *Municipal Act 2001* and *City of Toronto Act 2006* provide authority for municipalities to enact by-laws to regulate the conversion of existing residential rental units (see section 2.1.1 of handbook).

2.2.6 Community Improvement Plans (*Planning Act*, s. 28)

Community improvement plans (CIPs) may be of interest to local and upper-tier municipalities considering providing financial incentives in connection with affordable housing. Some of their features are outlined below.

Local and prescribed upper-tier municipalities may:

- designate the whole or any part of an area covered by an official plan that contains provisions relating to improvement in the municipality as a community improvement project area
- adopt CIPs for designated community improvement project areas

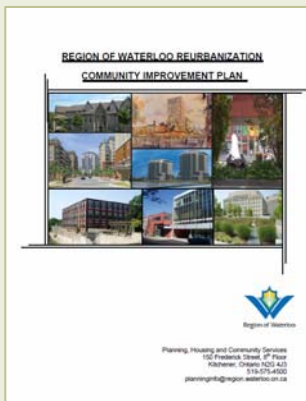
The activities of a municipality where a CIP has been adopted may include acquiring, holding, clearing, leasing and selling land in designated areas, as well as putting in place grant and/or loan programs for the purposes of carrying out the plan.

Subsection 28(1.1) of the *Planning Act* provides that “community improvement” includes the provision of affordable housing. Municipalities can consider using CIPs to provide for grants or loans in relation to the provision of affordable housing within CIP project areas. In some instances, loan agreements between municipalities and landowners have required that specified properties be maintained as affordable housing.

Upper-tier municipalities named in Ontario Regulation 221/07 (under the *Planning Act*) can adopt CIPs relating to affordable housing, infrastructure and transit corridors (Ontario Regulation 550/06 of *Planning Act*). Inter-governmental co-ordination may take place through lower-tier and upper-tier participation in each other's grant or loan programs, provided there are related policies in the official plan of the municipality making the grant or loan.

Community improvement programs have been tailored to support municipal redevelopment and revitalization goals such as diversifying employment opportunities, improving accessibility, remediating and redeveloping brownfields, revitalizing core areas, and ensuring a range of housing types that include affordable housing. In connection with a grant or loan program that is part of a CIP, municipalities may wish to consider activities and outcomes such as addressing soil contamination, retrofitting existing buildings or constructing buildings for energy efficiency and the provision of affordable housing.

CIPs do not require provincial approval. However, in accordance with the *Planning Act*, municipalities must consult with the Ministry of Municipal Affairs and Housing on the preparation of proposed plans, and must provide the Ministry with notice of adoption of a CIP.



Source: www.region.waterloo.on.ca

Region of Waterloo Reurbanization CIP

The Region of Waterloo Reurbanization Community Improvement Plan (RRCIP) was established to help reduce development costs in an area of the Central Transit Corridor (CTC) and to promote a number of redevelopment goals, for example, providing for an appropriate range of housing choices, including affordable housing. While there were a number of under-utilized sites within the CTC with potential for reurbanization, redevelopment of these sites had proved difficult by their arrangement, the presence of existing buildings, or being too small to accommodate higher densities.

To implement the RRCIP, Regional Council put a CIP in place and bought key properties in the CTC in order to make them more attractive for redevelopment. This will allow Regional Council to take a leadership role in promoting and facilitating reurbanization while influencing the development of lands to include desirable forms of reurbanization such as affordable housing.

2.2.7 Height and Density Exchange (*Planning Act*, s. 37)

Section 37 of the Act provides an incentive-based system that enables municipalities to authorize increases in the height and density of development otherwise permitted by a zoning by-law, in return for the provision of facilities, services or matters specified in the by-law. In order to use section 37, a municipality must include, in its official plan, policies that allow for increases in height and density. Municipalities can consider the use of section 37 to achieve affordable housing. Some Ontario municipalities, such as the City of Toronto, use section 37 to achieve affordable housing, while a number of other municipalities have adopted official plan policies to do the same.



The **City of Toronto** has used section 37 of the *Planning Act* to achieve affordable housing. The City's official plan authorizes the use of section 37, subject to certain provisions, including a requirement that the community benefits obtained must bear a reasonable planning relationship to the increase in the height and/or density of a proposed development. Affordable housing is specifically identified in the City's official plan as a potential community benefit that may be achieved through section 37, and, subject to other relevant policies, as the first priority community benefit when height and/or density increases are sought in relation to large residential developments.

Over thirty other municipalities have identified affordable housing as an eligible community benefit to be exchanged for increases in building heights and densities in their official plans. Some examples include: East Gwillimbury, Kingston, North Grenville, Ottawa and Peterborough.

2.2.8 Development Permit System (*Planning Act*, s. 70.2 and O. Reg. 608/06)

Ontario municipalities can use the Development Permit System (DPS) within all or parts of a municipality through the adoption of an Official Plan Amendment (OPA) and the passing of a Development Permit (DP) By-law. Together the OPA and DP By-law set out the requirements describing how the DPS will be used in that local municipality.

The DPS is a community-building tool that:

- integrates zoning, site plan and minor variance approvals into one application and approval process
- can help to significantly improve review and approval timelines (45 days for a development permit as compared to 120 days for a rezoning)
- can provide more certainty and cost savings through early community participation, upfront development rules and, once the system is in place, eliminating third party appeals to the Ontario Municipal Board on specific development permit applications that meet the requirements and community vision set out in the official plan and development permit by-law
- provides for a more flexible approval process whereby municipalities can incorporate a specified range of variation for development standards

A development permit bylaw is similar to an enhanced zoning by-law, which municipalities can tailor to meet their specific needs. While it includes the traditional features normally associated with zoning by-laws, such as certainty of use and development standards, municipalities can also include enhanced features as part of its DPS. Enhanced features could include a range of conditions of approval, the ability to identify discretionary uses (uses permitted if certain specified criteria are met), and the ability to incorporate a specified range of variation for development standards (such as density, height, setbacks).

Municipalities can implement the flexibility in height or density allowed through the DPS to reflect a higher intensity of development which may be permitted if the specified conditions required for increased height / density are achieved. Ontario Regulation 608/06 outlines certain requirements relating to the use of conditions, including that the condition must be clear, precise and quantifiable, and must be reasonable for and related to the appropriate use of the land.

Conditions for increased height or density may include requirements for the provision of community services, facilities or matters specified in the local Development Permit By-law, so long as the proportional relationship between the permitted density or height and the quantity or monetary value of the community benefit that must be provided is identified upfront in the Development Permit By-law.



The **Town of Carleton Place** and the **Township of Lake of Bays** have adopted Development Permit By-laws.

2.2.9 Land Division – Subdivision (*Planning Act*, s. 51)



The *Planning Act* requires municipalities to have regard to provincial interests – including the provision of affordable housing – when making decisions related to the division of land, through a plan of subdivision.

Municipal review and approval powers for land division provide opportunities to assess the applications in relation to the identified range of housing needs in a community and

to determine how the proposed development should contribute to this range, including affordable housing forms.

More compact subdivisions with higher densities and/or smaller minimum lot sizes can provide opportunities for more affordable housing forms (e.g., rows, semis, multi-unit housing) and can help lower the cost of housing. Higher densities can also mean that land and infrastructure costs can be spread over a larger number of units, resulting in reduced per-unit costs.

Community Design Solutions or CDS are flexible **design, planning and engineering standards** that can reduce the cost of housing, while still ensuring public health and safety. By providing alternatives to current standards used for the design and construction of communities, such as smaller setbacks, narrower lots, reduced road allowances and requirements for on-street parking, CDS can help reduce the overall cost of development. CDS can also help reduce construction and maintenance costs for the municipality by reducing the infrastructure and land area required for a dwelling unit.

The Cornell development in the **Town of Markham** provides an example of the use of CDS.

2.2.10 Reduction in Parkland Dedication or Cash-in-Lieu (*Planning Act*, s. 42 and 51.1)

Municipalities may require the conveyance of land (up to five percent) or cash-in-lieu for park purposes as a condition of development or redevelopment, and as a condition of approval of a land division (through plan of subdivision or an application for consent to sever).

Municipalities can tailor their parkland dedication and cash-in-lieu requirements to facilitate the development of affordable housing. For example, municipalities may provide for a reduction or exemption in the parkland (or cash-in-lieu) requirements in specific geographic areas (e.g., downtown areas or transit nodes) and can use this authority to help reduce the cost of affordable housing development.

To help promote affordable housing development, the [City of Orillia](#) exempts non-profit affordable housing development or redevelopment from parkland dedication requirements.

2.2.11 Reduction or Exemption from Parking Requirements (*Planning Act*, s. 40)

The cost of providing parking, particularly in areas of higher land costs and/or where underground parking is needed, can add significantly to development costs. Reduced parking requirements help lower construction costs and the cost of housing.

Municipalities can reduce capital and maintenance costs for itself and developers, while facilitating pedestrian-friendly and transit-supportive areas, through agreements that reduce requirements or exempt owners or occupants of a building from providing and maintaining parking facilities, particularly where public transit is available. This helps to facilitate pedestrian-friendly and transit-supportive areas.

The **City of Mississauga** has reduced the parking requirements for many assisted rental housing developments.

Source: www.actprogram.com
and www.cmhc-schl.gc.ca

2.2.12 Waiving or Reduction of Application Fees (*Planning Act*, s. 69)

Municipalities may reduce or waive planning application processing fees where they are satisfied that it would be unreasonable to require payment in accordance with the established tariff of fees. A reduction or waiver of the fees for applications required for an affordable housing development would help to reduce costs associated with the development.

2.3 DEVELOPMENT CHARGES ACT, 1997

Municipalities can impose development charges in order to pay for increased capital costs required because of increased needs for services arising from new development. A development charge by-law can:

- apply to the entire municipality or only part of it
- phase in development charges to stimulate development
- exempt or reduce development charges for types of development specified in the by-law

In order to impose development charges, municipalities must have passed a development charge by-law.

The **Cities of Toronto** and **Ottawa**, and the **Region of York**, have adopted by-laws that provide exemptions from development charges based on specific criteria.

The **Town of Bracebridge** Development Charges By-law 2009-063 permits requests for a deferral of payment of the applicable development charges for affordable housing developments until such time as developments are completed.



East Yorker Condominium, Toronto

The East Yorker, a planned 12 storey condominium in east Toronto with 105 suites, will help facilitate the entry of low and moderate income first time buyers into the residential market. The project developer, Neighborhood Concepts Non-profit Corporation, an affiliate of Options for Homes, is partnering with Home Ownership Alternatives to provide start-up capital and administer the funding and benefits secured by purchasers' second mortgages (provided as down payment assistance). To facilitate the project, the City of Toronto is providing grants to offset City planning fees and development charges.

<http://optionsforhomesww.ca/aboutus.html>

2.4 PROPERTY TAX RATE REDUCTION (*Municipal Act 2001, s. 308; City of Toronto Act 2006, s. 275; ss. 4 and 10 of O.Reg. 282/98 under the Assessment Act; and other sources*)

Municipalities levy tax rates on classes of real property. Generally, the multi-residential class includes rental apartment properties with seven or more units, and the residential class includes condos and single residential dwellings. The municipal tax rate for the multi-residential class is often higher than the rate for the residential class.

In conjunction with their local policies on affordable housing and incentives for it, municipalities may wish to consider their options to reduce the property tax rate on multi-residential properties to near or equal the tax rate for the residential property class.

These options may include:

- reducing the tax ratio on the existing class of multi-residential properties and thereby providing a tax rate for that class closer to the rate for the residential property class
- establishing a “new multi-residential property class”, and thereby setting the tax ratio and the tax rate for the new class to at or near (i.e. 1.0 to 1.1 times) the rate for the residential class.

In connection with the above, in most cases:

- the “new multi-residential property class” would consist of multi-residential properties with seven or more self-contained units that are newly built or converted from a non-residential use, and
- once land is in the new class, it would stay classified that way for 35 years

Municipalities may consider establishing a “new multi-residential property class” as an option of particular interest. Using it would likely have minimal impact on existing ratepayers.

Many municipalities have established new multi-residential tax classes with lower municipal tax rates on new multi-residential buildings, including:

- City of Toronto
- City of Ottawa
- City of Kingston
- City of Guelph
- City of Hamilton
- City of Orillia
- City of Greater Sudbury
- City of Timmins
- Town of Parry Sound
- Region of Waterloo

For More Information:

Ministry of Municipal Affairs and Housing

ontario.ca/mah

Provincial Planning Policy Branch

Municipal Finance Policy Branch

777 Bay Street
Toronto, Ontario M5G 2E5

ServiceOntario

For current consolidated law, access E-Laws

ontario.ca/e-laws

Municipal Services Offices:

Central (Toronto)

(416) 585-6226 or 1-800-668-0230

West (London)

(519) 873-4020 or 1-800-265-4736

East (Kingston)

(613) 545-2100 or 1-800-267-9438

Northeast (Sudbury)

(705) 564-0120 or 1-800-461-1193

Northwest (Thunder Bay)

(807) 475-1651 or 1-800-465-5027



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